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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1989

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON

S. 2355

AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 1989 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR FOR THE ARMED FORCES, AND FOR OTHER PURPOSES

PART 1
U.S. MILITARY POSTURE
BUDGET OVERVIEW

FEBRUARY 18; MARCH 14, 15, 16, 17; APRIL 11, 1988

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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1989

THURSDAY, FEBRUARY 18, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

U.S. MILITARY POSTURE

The committee met, in open session, pursuant to notice, at 1:03 p.m., in room SR-325, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Present: Senators Nunn, Exon, Levin, Bingaman, Dixon, Wirth, Shelby, Warner, Humphrey, Quayle, Gramm, and McCain.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Romie L. Brownlee, deputy staff director for the minority; Jeffrey H. Smith, general counsel; Patrick A. Tucker, minority counsel; and Andrew S. Effron, counsel; Gerald K. Bankus, Robert E. Bayer, Robert G. Bell, Robert F. Bott, Brian D. Dailey, Judith A. Freedman, Sherri Wasserman Goodman, John J. Hamre, George K. Johnson, Jr., Ronald P. Kelly, James R. Locher III, David S. Lyles, Michael J. McCord, Norman G. Mosher, Frederick F.Y. Pang, Mark B. Robinson and Ann Elise Sauer, professional staff members; Mary J. Kampo, Kathleen L. McGuire, and Debra A. Rice, staff assistants.

Also present: Francis J. Sullivan, assistant to Senator Stennis; Jeffrey B. Subko, assistant to Senator Exon; Gregory J. Weaver, assistant to Senator Levin; William J. Lynn, assistant to Senator Kennedy; Edward M. McGaffigan, Jr., assistant to Senator Bingaman; Phillip P. Upschulte and Milton D. Beach, assistants to Senator Glenn; Leon Fuerth, assistant to Senator Gore; Terrence Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; James M. Bodner and Christopher Mellon, assistants to Senator Cohen; Henry D. Sokolski, assistant to Senator Quayle; Mark J. Albrecht, assistant to Senator Wilson; Alan Ptak, assistant to Senator Gramm; and Anthony H. Cordesman, assistant to Senator McCain.

OPENING STATEMENT BY SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The Armed Services Committee will come to order.

I want to welcome Secretary Carlucci and Admiral Crowe back to the committee this afternoon. Both of them have already testified before the committee this year during our ongoing hearings on NATO defense and the INF Treaty.

Last year we preceded our budget deliberations with an extensive series of hearings on the overall military strategy of the United States. This year we are preceding the budget review with a more focused look at NATO strategy, particularly in the post-INF period. Our NATO hearings are providing a very useful framework both for the Senate's consideration of the INF Treaty and for our own committee's review of the revised fiscal year 1989 Defense budget.

The budget request which Secretary Carlucci will present this afternoon is a revision to the second year of last year's 2-year fiscal year 1988 and 1989 Defense budget. Although the Congress last year did not appropriate any funds for the second year, I believe we at least demonstrated the potential for a 2-year budget to work by the authorization process. The fiscal year 1988–1989 Defense Authorization Act authorized approximately two-thirds of the Defense programs for fiscal year 1989. Our work last year will allow us to focus on the major changes that are contained in the Department of Defense's revised fiscal year 1989 budget proposals. There will be substantial change because of the budget revisions, and of course, we will have to refocus on a number of issues, but it is not my intent to have us review the budget in the same procedures that we have had in past years.

We are going to be looking at it with a different, more focused approach.

I want to congratulate both Secretary Weinberger and Secretary Carlucci for their strong support of the 2-year budget effort. Secretary Weinberger started that effort. Secretary Carlucci is continuing that effort.

Secretary Carlucci, I was delighted to see the commitment in your statement to submit a 2-year budget for fiscal years 1990 and 1991 next January. I must confess to you that our committee is more enthusiastic about that approach than our other committees involving both authorization and appropriation. So we do not give any guarantees except we are going to do our best to work with you to try to get it to work and to give us a longer term focus on the defense needs and security issues facing our country.

I hope we can move forward on the 2-year budget in both the authorization and appropriation cycles next year. If our appropriating colleagues are not willing to do it totally, I hope they will at least do it in part.

The other good news today is that we begin this year's budget cycle with a major issue that, in each of the last 6 years, has dominated our process, which has already hopefully been resolved. That issue is the overall level of national defense spending for the next fiscal year. The revisions presented by Secretary Carlucci bring the fiscal year 1989 Defense budget down to the budget authority and outlay levels agreed to by the President and the Congress in the budget summit at the end of last year. That is the first time that we have had that kind of agreement, and I hope that agreement holds.

The good news, I must say, ends here, however. The overall level of spending in the revised fiscal year 1989 Defense budget represents the fourth consecutive year of real decline in national defense budget authority. From fiscal years 1980 to 1985, national defense budget authority grew by 50 percent above inflation, that is, in real terms. But the $299.5 billion in budget authority for fiscal year 1989, according to my figures, is an 11 percent real decline from the high point of fiscal year 1985. I do not think many people understand that, but that is the actual fact.

We have to recognize that the Defense budget has been coming down steadily, slowly, for the last 4 years. Although many of us would prefer otherwise, even under the most optimistic scenario, it is difficult for me to see how Defense spending will increase more than enough to cover inflation over the next several years. This reality is going to force some hard choices that Congress and the Pentagon have been postponing for a number of years.

The revised fiscal year 1989 budget being submitted today suggests the dawn of a new fiscal realism in the Defense Department under Secretary Carlucci. Secretary Carlucci and Secretary Taft told the military services that in preparing these budget revisions they should be prepared to reduce the size of their existing force structure to maintain a ready force; to justify all new program starts, to strive to maintain efficient production rates of existing weapons systems; and to terminate older or marginal weapon programs.

Mr. Secretary, personally, and I speak only for myself, each member will have his own view on this, but I personally think those are precisely the right directives to deal with an extremely difficult problem. There are a lot of tough choices that have to be made under that kind of direction, but I think those are the right priorities, from my perspective.

Mr. Secretary, you have made some very tough choices in preparing this revised budget. Some of these decisions are controversial and will be debated by the Congress, this committee and other committees over the next several months, but I think you deserve credit for facing these problems and making some tough decisions.

And now Congress has some tough choices to make. If we do not like some of the actions the Pentagon has recommended to live within the budget summit levels, then it is up to us to propose realistic alternatives that do not in any way detract from, and hopefully enhance our national security.

I think we also need to look closely at some of the legislative requirements that we have created in areas like procurement policy and base closures and consolidations to see if streamlining some of these procedures could possibly produce some savings that would otherwise not be attainable.

Secretary Carlucci, the committee welcomes any suggestions you have on this subject, and we will be glad to work with you.

At this time I would like to recognize Senator Warner, our ranking Republican member, and I must say that this is a very special day for Senator Warner. In President Reagan's terms, as I understand—I cannot get an exact number, but the suspicion is that this is the 20th anniversary of Senator Warner's 50th birthday. [Laughter.]

If that is not the right number, Senator Warner, you can correct it for the record.

Senator **Warner**. Thank you, Mr. Chairman. I think we will just let the record stand. My age is declining exactly as the Defense budget has declined over these years.

Mr. Chairman, that was a very thorough and complete opening statement. I shall not endeavor to add to it. As a matter of fact, I associate myself with your remarks. Indeed, I believe, as I have watched the top leadership of the Department of Defense over many, many years, having served there myself for 5 years, I cannot recall when our Nation has had a better team in the Secretary and the Chairman of the Joint Chiefs of Staff.

Mr. Secretary, you stepped into big shoes, filled admirably for many years by Caspar Weinberger, but you picked up the reins and you charged right off. As the chairman said, you are making the tough decisions that have to be made in view of the President's effort to cut back overall Federal spending and the growth of our departments and agencies.

This statement which you will be presenting momentarily and I have reviewed, is really a watershed. When we find that over 30,000 men and women in uniform will have to be presumably involuntarily removed in order to meet the fiscal constraints imposed by the Congress, at a time when our commitments worldwide in no way have diminished—in fact, in my judgment, they have increased, particularly with the efforts being carried on, and I think in a very admirable way by the elements of our Armed Forces in the Persian Gulf, an essential strategy that we must continue to fulfill.

So with ever-expanding commitments and regrettably ever-decreasing Defense budgets, this present management team faces probably the toughest challenge any team has had in many, many years.

I think the bottom line is that the budget summit cap agreed to by the President and the Congress must be rigidly adhered to. We cannot begin to search for other areas to cut that cap. We may reorder the priorities, which indeed I think is a valuable contribution by the Congress, but the cap must remain inviolate because it does represent another year in decline of real growth in defense.

I thank the chairman.

Chairman **Nunn**. Thank you, Senator Warner.

If no other members have opening statements at this time I would like to proceed with the Secretary and Admiral Crowe unless there is some objection.

Mr. Secretary, we are delighted to have you, and we welcome your statement.

STATEMENT OF HON. FRANK C. CARLUCCI, SECRETARY OF DEFENSE OF THE UNITED STATES

Secretary **Carlucci**. Thank you, Mr. Chairman, Senator Warner, members of the committee. I particularly appreciate your very supportive statements.

Mr. Chairman, I have a lengthy statement. It is my understanding that most members of the committee have read it. I would simply ask that it be submitted for the record, and I will try to summarize in the interest of time.

Chairman NUNN. Without objection, the entire statement will be admitted to the record.

Secretary CARLUCCI. Let me say at the outset, Mr. Chairman, that I want to endorse personally your statement on the 2-year budget. In fact, I would like to have a budget longer than 2 years because every bit of stability we can put under the Defense budget makes us just that much more efficient. Anybody knows that to run a business, you have to engage in long range planning, long range budgeting, and stick to it.

So I think the key to getting down to fiscal reality, as you put it, is fiscal stability. So I would hope that you can work with your colleagues in the Congress to engender more enthusiasm for the 2-year budget.

As you and Senator Warner have pointed out, we have come in with a figure right on the target set by the budget summit. I think it is important to underscore that that summit did not just set ceilings, it set floors. So we share your hope, Senator Warner, determination, I guess would be a better word, that we not make any additional cuts in national defense.

The risks have already gone up to a point where I find them troubling. We have tried in this budget to deal in a balanced way with those risks, but nonetheless they are still there.

We set out to follow a clear set of priorities in this budget, very simple priorities, as you pointed out, Mr. Chairman, and they are before you on this board: quality personnel, readiness, and efficient acquisition. And to pay the bill, we have had to cut back on force structure, terminated some weapons systems, and delay the starts of others. All of this, with one exception which I will come to later, has been funded in the out years, and we have reduced the overall top line estimate in the out years to about 2 percent.

Let me start off with the major programs that we have protected in the budget. You will see as I go through them that they are consistent with the priorities on the board.

In fiscal year 1989, we will continue the training levels already planned. We think training is extremely important, and these equal or exceed the levels funded by the Congress in fiscal year 1988. Consistent with our first priority on the board, we propose a pay raise equal to our original fiscal year 1988–89 request, that is, 4.3 percent. This is necessary to prevent further widening of the private sector-military pay discrepancy which is now 11 percent.

Mr. Chairman, let me emphasize this point because at the press conference I received a somewhat skeptical question on how firm are we on this issue. We are just as firm as can be. We do not want to repeat the experience of the 1970s where pay erosion drove good people out of our Armed Forces, and then when the Reagan administration came in, they had to play catch-up ball. That gets you the worst of all worlds. You lose the good people, and you end up paying in any event. We have chosen to have fewer people in the interests of continuing to maintain some semblance of pay comparability. The 4.3 percent we are requesting just maintains the comparability rate for this year. It does not reduce the 11 percent comparability gap that I referred to a minute ago.

We will continue to fund adequate stocks of munitions aggressively with proposed 1989 levels near or equal to those of fiscal year 1988. We will continue production of key systems at or near the rates originally planned. The conventional systems include the M-1 tank, the Bradley Fighting Vehicle, the V22 tilt-rotor aircraft, the new SSN-21 submarine, F-14, FA-18, and F-16 programs. The strategic systems include the Trident submarine and missile programs.

And while we will continue to pursue rail garrison for Peacekeeper, we are limiting the 1989 missile request to 12 in view of the repeated congressional reluctance to provide funds for a larger number.

Mr. Chairman, let me take a minute and just explain what we would like to do with the Peacekeeper. We presently have some 78 Peacekeeper missiles. Some of those are, of course, used for testing and survey purposes. We have 33 that are now in fixed silos of the 50 that have been authorized, appropriated by the Congress. Those will continue to go into silos at Francis E. Warren Air Force Base in Wyoming.

Meanwhile, we will continue with the developmental program for rail garrison. When that program reaches the appropriate stage, we would then like to take those 50 missiles out of the fixed silos and put them on rail garrison. Eventually, we would like to have another 50 that can be put on rail garrison. That would give us a 100 missile force, a 1,000 warhead force, all in a mobile mode, in an invulnerable mode.

The 12 that we are asking for today, which is a reduction of nine from our original fiscal year 1989 request, would be used as test missiles for rail garrison. So there is no firm decision yet made on their deployment mode.

In terms of the debit side of the ledger where the force structure has been eliminated, let me quickly review some of the major programs. 450 Army helicopters in fiscal year 1988 and 378 more in fiscal year 1989. That is approximately 10 percent of the Army helicopter fleet. Most of these are Vietnam vintage scout helicopters, Huey helicopters. One active Army brigade of the Ninth Division at Fort Lewis, Washington will be deactivated. Elements of another will not be activated as planned, that is, the Sixth Division in Alaska. We will not activate two battalions of the Sixth Division. We will disestablish two active Air Force tactical fighter wings and the equivalent of another wing in the Reserve by taking Reserve units down from 24 to 18.

These actions will not be complete until fiscal year 1990. We will disestablish one Naval air wing. That leaves 13 active Naval air wings. With the two Reserve air wings, we should be able to cover the 15 carrier battle group force which we intend to continue to maintain.

One ballistic missile submarine will be decommissioned, the Poseidon class, and 16 frigates. These are older, 1960 vintage frigates, together with some late deliveries and the congressionally directed retirement of one SSBN in 1988. This precludes our achieving the 600 ship Navy goal in fiscal year 1989. Instead, we will be at the 580 ship level, so that goal will be deferred to some period in the 1990's.

With these changes, we will be eliminating approximately 110,000 Active and Reserve military personnel from planned fiscal year 1989 levels, approximately 70,000 from the originally planned fiscal year 1988 level, and 45,000 from the actual fiscal year 1987 level.

Let me clarify that a bit since I am sure this will be a matter of considerable interest. If you are talking about actual reductions, we are moving to reduce the Active Forces by 36,000 people. The Reserve forces will go up by 22,000 people, which means a net reduction of 14,000. The civilian reduction will be 30,000 to 31,000 people, bringing it to the total of 45,000 that I mentioned.

In terms of major programs which have been terminated or significantly changed, let me go through them quickly, principally in the Navy and the Air Force. The two largest are the Navy's A-6F program and the Air Force's small ICBM program. Funding has been provided for the small missiles, so-called Midgetman, at a reduced level, some $200 million in order to keep the program going, to maintain what has come to be known as the strategic consensus on the Hill, and to allow my successor, and the next President, to have the option of restarting the ramp-up should they elect to do so. The program will be kept in a state where that will be a viable option for them.

The Army's light helicopter program, the LHX, will be refocused on a narrower mission, armed reconnaissance, with the Apache and the Blackhawk picking up the other two missions. The Apache will eventually be upgraded.

The ASAT program in the Air Force has been cancelled. This is not a decision that we welcome. We have deferred here to consistent congressional refusal to give us the authority to test this program, and, absent the ability to test, I can no longer justify putting scarce resources into this program. I think this is a very unwise decision, and should the Congress see fit to reverse its position, I would be glad to take some more force structure cuts or terminate more programs in order to fund this program. I think it is an extremely important program.

Total fiscal year 1989 savings from all such actions will be $5 billion, and the long run savings will be over $50 billion.

In terms of budget shares, O&M, the readiness account—and I refer you once again to the board—will rise by about 2.4 percent. Military construction and family housing will also rise to provide support to the troops and weapons systems that are still coming on line. Procurement takes the biggest hit and will decline by about 4 percent. RDT&E and military personnel remain at approximately constant levels.

To summarize, Mr. Chairman, and members of the committee, the result is a smaller military establishment, but one whose readiness, quality of people and sustainability, and modern equipment, assuming this budget is approved by the Congress, will be the best we have ever had.

In short, it is the kind of force that we started to build in 1981 but smaller.

Mr. Chairman, let me return to a theme, a note that you sounded. This, as I have indicated, does increase the risks, despite the capabilities of the force. The concern is not with any one particular fiscal year, but with the trend that you pointed to. You were absolutely right in saying that the overall real reduction in the past 4 years is over 10 percent, and that is very troubling. If that trend continues, we really do have to begin to worry about the effectiveness of our deterrent.

That is why I would argue very strongly that the Congress support us in the 2 percent estimate for the outyears. We need to work very hard to get our defense establishment back on course and to avoid the mistakes of the 1970s.

Thank you, Mr. Chairman. That concludes my statement.

[The prepared statement of Secretary Carlucci follows:]

PREPARED STATEMENT OF FRANK C. CARLUCCI

SECRETARY OF DEFENSE

Mr. Chairman, Members of the Committee:

The Department of Defense submitted a biennial FY 1988/FY 1989 defense budget just a year ago. That program reflected Secretary Weinberger's commitment to continuing the rebuilding of U.S. defense capability, a commitment which I share. That integrated two-year program was deemed not affordable by the Congress and ultimately rejected. As a result of the budget summit agreement, the FY 1988 program was reduced by $20 billion and the Department was directed to revise the FY 1989 request to cut $33 billion in budget authority and $18 billion in outlays. Thus, including the $20 billion the Administration has already reduced from the original FY 1989 fiscal guidance, the amended budget reflects a program adjustment of over $50 billion.

Tough choices had to be made to accommodate this reduction in the short time available. Priorities had to be set. Gains already made had to be protected. My guidance to the Department was that I would choose a smaller force that was fully ready to perform its mission as opposed to a large force that was not ready. The priorities in this budget were straightforward--people, readiness and efficient acquisition. This budget proposes the compensation and quality of life required to attract and retain the best caliber people for the military. Critical readiness and training activities are funded to the maximum ability of the Services to execute them. Cost effective acquisition has been stressed with a special injunction not to tolerate program stretches as a convenient but inefficient tool for dealing with reduced resources. To the extent practical, this defense budget attempts to maintain economic production rates for major procurement programs.

These priorities have been financed with fewer resources by accepting end-strength reductions, retirement of force structure, program terminations and deferrals and a flat R&D effort. These have been unpopular choices and I would rather not have had to make them, but we owe it to our fighting men and women to do our best by them even in times of austerity. I believe these choices to be not in the best interest of our national security posture. However, I have made them. They reflect the fiscal realities we face today and my assessment of the direction which affordability considerations will have to take our posture in the future. I hope the Congress will agree with me on this very fundamental point.

Before I elaborate on the details of the FY 1989 amended budget, I should note three factors which were critical to being able to deal with the budget summit mandated defense reduction of $33 billion which had to be developed in little more than five working weeks. The first factor was that the Department of Defense has already provided the Congress a biennial budget last year. The FY 1989 program contained in that submission was the baseline for what you have before you now. You have seen it all before in full detail--but $33 billion is missing now. The second factor was that the budget summit agreement gave the President a firm defense topline commitment in advance. My belief is that the political question of defense budget topline allocation has been made. I have counted on the political stability of that topline as decisions of program priorities have been made by the Department. Mr. Chairman, I urge this committee and the entire Congress to protect stability. Finally, it is my belief that only the Department's cadre of civilian and military leaders and their staffs could have managed a program readjustment of this size and complexity in so short a time. Deputy Secretary of Defense Will Taft's leadership was excellent in this process and resulted in my being able to present the Department's budget to you today.

Mr. Chairman, the Administration will honor the budget summit agreement on defense spending. I must remind you that the summit figures for defense continue the downward trend, in real terms, of the last 3 years. The consequence of this decline, should it continue, will be the erosion of the improved capabilities we have purchased in the early 1980s and a requirement to purchase it again at much higher cost in the future.

A topline of $299.5 billion in budget authority for national defense does not fully finance our requirements, given the commitments and threats we face. This gap between available resources and program requirements represents the level of risk we must assume in our defense strategy. Accommodating the FY 1989 $33 billion reduction very simply dictates acceptance of higher levels of risk.

DEFENSE PRIORITIES

- QUALITY PERSONNEL
- READINESS
- EFFICIENT ACQUISITION

As this budget was amended, I was determined to prioritize and protect specific critical areas of the defense program. Particularly, I sought to preserve the gains achieved in readiness; to continue support for an optimum force structure and manpower level, including fair and adequate pay and benefit levels so crucial to morale and retention; and to finance an efficient acquisition process. Simply put, the priorities reflected in this budget are people, training, and no artificial program stretches.

To ensure sufficient funding for these priorities within a topline reduced by $33 billion, it was essential to regard force structure, marginally capable systems, programs experiencing technical problems, low priority programs and new starts as candidates for reduction and termination. Even as we confront constrained defense resources, I am determined to minimize the erosion of our military capabilities in the face of a threat environment that has not diminished. The force structure may have to be smaller, but it will continue to be well manned, equipped and trained As you review this budget, I hope you will support these decisions and recognize that even those that appear unpalatable are necessary to maintain an essential balance in defense capability.

Defense Strategy

The overall defense strategy of the United States and its allies is that of deterrence. We seek to deter aggression by making the penalties of such action exceed expected gains. Integral to deterrence is the assurance that the United States possesses both the means and the will to respond effectively to aggression regardless of its form.

Since the beginning of the nuclear era, our deterrence has been based on the threat of nuclear retaliation against those who would employ nuclear forces against us or our allies. At the same time, efforts to develop a defense against nuclear attack played an important role in post-war strategy until the late 1960s when interest in this concept was dampened by the rapid buildup of Soviet nuclear forces and the lack of progress on technologies for strategic defenses in the United States.

It was not until the Reagan Administration in the early 1980s that a priority was again placed on strategic defenses. In 1983, President Reagan announced the Strategic Defense Initiative (SDI) intended to determine the feasibility of deploying an effective defense against nuclear ballistic missiles. The progress being made in this area may provide the option to begin deploying the first phase as early as the mid- to late-1990s. We should remember that, for over a generation, the Soviets also have been investing heavily in strategic and other passive defenses.

In spite of our optimism for the successful development of an effective strategic defense system and the possibility of deep reductions in offensive strategic nuclear forces, it is still critical that we maintain our nuclear deterrent and strong conventional forces. The recent successful INF negotiations demonstrate the importance of our commitment to maintaining and modernizing effective nuclear and conventional forces as an incentive for real arms reductions. We remain committed to the continued modernization of our strategic nuclear forces even as we pursue success at the Strategic Arms Reductions Talks (START).

Conventional forces are the most likely to be actively and visibly protecting our interests on a day-to-day basis. From our forces in the Persian Gulf to our forward-deployed forces in the Republic of Korea and NATO, U.S. general purpose forces, under the umbrella of a secure nuclear deterrent, are essential to the deterrence of war on the middle and high end of the conflict spectrum. Although structured primarily to counter the Soviet threat, conventional forces must be prepared to deter or combat aggression at the lower end of the spectrum. It is in the low-intensity conflict environment that our general purpose forces have found themselves most actively engaged over the past thirty-five years.

Because low-intensity conflict is and will continue to be a major threat to our security and interests around the world, I am committed to the revitalization and reorganization of our Special Operations Forces (SOF) within the Department of Defense. FY 1989 is a critical year in our revitalization efforts, both in terms of the delivery of previously funded systems and new initiatives. We have institutionalized SOF within the Department through the creation of the U.S. Special Operations Command (USSOCOM), the establishment of an Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict and the creation of a Major Force Program for SOF within our Five-Year Defense Program (FYDP). As we complete our efforts to integrate SOF into the overall defense structure, I urge your continued support in sustaining SOF capabilities into the 1990s.

We are determined to continue modernization and development efforts so critical to our strategy. While the budget summit level is insufficient to maintain the defense envisioned a year ago, we recognize the economic and political realities that have resulted in this lower defense funding and have adjusted our defense program within that level. If, however, I find that our national security needs require additional resources, I will not hesitate to present my assessment of the military/political situation and seek your support.

Budget Overview

The FY 1988/FY 1989 budget submitted for the Department of Defense last year represented a serious effort to introduce stability and consistency to defense funding. Had it been enacted, that two year budget would have afforded the Department significant opportunities to realize savings and other benefits from assured procurement quantities and approved levels of management effort. Unfortunately, the Congress did not provide a two year authorization and appropriation. Nevertheless, I intend to continue biennial budgeting in the Department of Defense and the President will submit an FY 1990/FY 1991 biennial budget a year from now. Biennial budgeting is now a fully institutionalized phenomenon in the Department of Defense. I urge the Congress to adopt the same procedure. Until that happens, the Department will continually be in the position of doing the second year's budget twice.

NATIONAL DEFENSE TOPLINE
(Current $ Billions)

	1988	1989	1990	1991	1992	1993
BUDGET AUTHORITY						
DoD	283.2	290.8	307.3	324.3	342.0	360.3
DoE & Other	8.2	8.7	9.1	9.4	9.6	9.9
TOTAL 050	**291.4**	**299.5**	**316.4**	**333.7**	**351.6**	**370.2**
OUTLAYS						
DoD	277.3	285.5	297.3	311.0	325.9	341.5
DoE & Other	8.1	8.5	8.9	9.2	9.5	9.8
TOTAL 050	**285.4**	**294.0**	**306.2**	**320.2**	**335.4**	**351.3**

The amended Department of Defense budget request for FY 1989 conforms with the budget summit agreement allocations for national defense of $299.5 billion in budget authority and $294 billion in outlays. The Pentagon's portion of this budget authority figure is $290.8 billion; $32.5 billion lower than the funds requested for FY 1989 in last year's submission. The balance of the $299.5 billion is allocated to the Department of Energy's nuclear weapon activities and other related national security activities. The FY 1988 budget of $283.2 billion enacted by the Congress was $20.1 billion lower than the President's request.

FY 1989 AMENDED BUDGET
BUDGET AUTHORITY BY MILITARY COMPONENT
(Current $ Billions)

	FY 1989 Request	FY 1989 Amendment	FY 1989 Revised	FY 1989 Real Growth
ARMY	84.7	-6.9	77.8	-0.7
NAVY	108.7	-12.3	96.4	-6.8
AIR FORCE	107.2	-10.0	97.2	6.6
DEFENSE AGENCIES	20.9	-2.6	18.3	5.6
DEFENSE WIDE	1.7	-0.7	1.0	-
TOTAL	**323.3**	**-32.5**	**290.8**	**-0.7**

The amended budget continues to reflect a balanced program among the Military Departments with the relative shares of the budget remaining essentially constant. The Navy reflects a lower level of budget authority in FY 1989 than in FY 1988 principally because the approved FY 1988 program fully-funded two aircraft carriers. Severe cuts in FY 1988 led to the Air Force increase in FY 1989 budget authority.

FY 1988 DoD BUDGET
BUDGET AUTHORITY BY TITLE
(Current $ Billions)

	FY 1988 Request	Congressional Action	FY 1988 Enacted	FY 1988 Real Growth
MILITARY PERSONNEL	78.3	-2.2	76.1	-0.3
OPERATION & MAINTENANCE	86.6	-5.9	80.7	-4.8
PROCUREMENT	84.0	-3.0	81.0	-2.5
R D T & E	43.7	-7.0	36.7	-1.0
MILITARY CONSTRUCTION - FAMILY HOUSING	10.1	-1.6	8.5	0.0
OTHER	0.6	-0.4	0.2	-
TOTAL	303.3	-20.1	283.2	-2.9

FY 1989 AMENDED BUDGET
BUDGET AUTHORITY BY TITLE
(Current $ Billions)

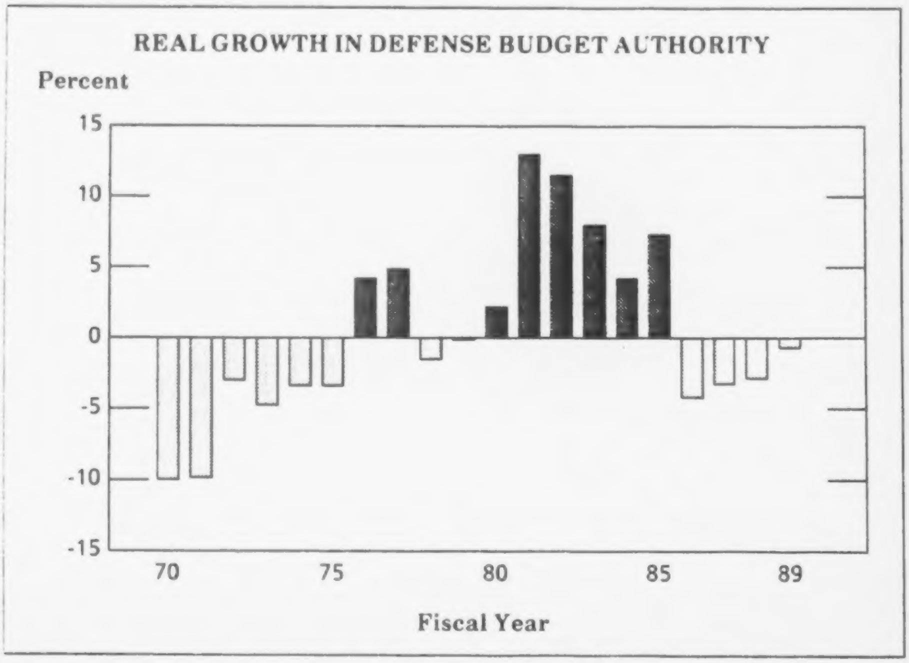
	FY 1989 Request	FY 1989 Amendment	FY 1989 Revised	FY 1989 Real Growth
MILITARY PERSONNEL	81.6	-3.2	78.4	-0.2
OPERATION & MAINTENANCE	91.5	-5.9	85.6	2.4
PROCUREMENT	94.6	-14.5	80.0	-4.3
R D T & E	44.3	-6.2	38.2	0.3
MILITARY CONSTRUCTION - FAMILY HOUSING	10.7	-1.7	9.0	2.5
OTHER	0.6	-1.0	-0.4	-
TOTAL	323.3	-32.5	290.8	-0.7

This two-year reduction of over $52 billion to the planned defense program forced difficult choices among defense priorities. In real terms, the FY 1989 budget represents a real decline of about 1 percent--the first time in 15 years that a defense request is negative--and follows three years of real decline after congressional action. In the Military Personnel accounts, the Department has sought to preserve the significant gains experienced in recruiting and retention. The Operation and Maintenance and Military Construction titles are the only areas with real increases over FY 1988, which underscores the Department's concern about readiness and resolve not to allow a return to the poor state of readiness that existed in the 1970s. Procurement accounts have incurred the largest reductions since 1985. Eighteen existing development or procurement programs will be terminated in the amended budget. Also, this budget cannot afford to fund some previously planned new starts in research and development. This is of concern to the Department because the U.S. has been able to counter numerical superiority of Soviet weapons with more sophisticated technology. We cannot afford a trend that allows the development of weapons for tomorrow's force to be neglected.

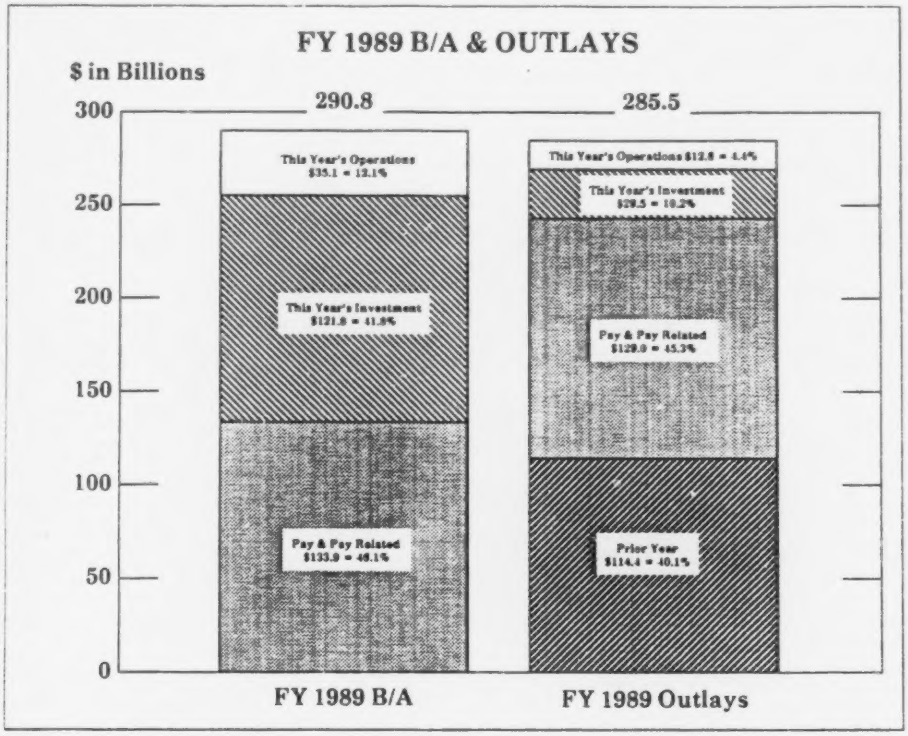
FY 1989 AMENDED DoD BUDGET
BUDGET AUTHORITY & OUTLAYS
(Current $ Billions)

	FY 1986	FY 1987	FY 1988	FY 1989
BUDGET AUTHORITY	281.4	279.5	283.2	290.8
% Real Growth	-4.2%	-3.3%	-2.9%	-0.7%
OUTLAYS	265.6	274.0	277.3	285.5

Department of Defense outlays in FY 1988 are projected to be $277.3 billion, a level $12 billion lower than projected last year. Outlays in FY 1989 are projected to be $285.5 billion, a level $18.2 billion lower that projected last year. These outlay levels are consistent with the summit agreement.



Mr. Chairman, it is instructive to reflect back upon the 1970s because then, as now, economic and political concerns determined the allocation of resources to the Department of Defense rather than national security needs. The results were unfortunate, not only for the condition of our military forces, but for the perception of our country held by other nations. Likewise, the price we paid in the early 1980s to reverse the previous decline was high. Still, the result of that large investment was a dramatic reversal in our military capabilities. Not only were more resources allocated to defense but, because of an intensive internal program of acquisition reform, those resources were more effectively employed. Further, program and budget formulation have benefitted tremendously from increased participation by the Joint Chiefs of Staff and the Unified and Specified Commanders in these processes. However, with four years of real decline in defense already a fact, I fear we are already halfway into another decade of neglect without even realizing it. We must stop this downward funding spiral.



The distribution of FY 1989 budget authority reflects the historical balance between people, readiness and modernization. Of the $290.8 billion requested for the Department of Defense, roughly 12 percent represents costs associated with day-to-day operations, nearly 42 percent represents investment in research, development and procurement of weapons and equipment and over 46 percent is associated with civilian and military pay and related military personnel expenses.

While new investment represents 42 percent of total budget authority requested, it represents only 10 percent of projected FY 1989 outlays. The nature of defense investment is such that production or construction occurs over a period of years with dollars disbursed as work is accomplished. As a result, 40 percent of projected FY 1989 outlays are associated with prior year commitments - ships, weapons, missiles, aircraft that are in the pipeline. It is this very fact that makes tailoring the defense budget to meet reduced outlay targets, as the budget summit requires, so difficult.

Force Structure Changes

ARMY FORCE STRUCTURE CHANGES
($ in Millions)

	Changes	
	Dollars	Manpower
•• Deactivate one Active Brigade of the 9th ID (Motorized) at Fort Lewis, Washington.	- 156	-3,133
•• Cancel planned FY 1989 Activation of two 6th ID (L) Battalions in Alaska.	- 72	-1,411
•• Deactivate the Army National Guard ROLAND unit in New Mexico.	- 38	-
•• Retire 170 OH-58/UH-1 Scout Aircraft	- 3	-
•• Retire 450 OH-58/UH-1 Utility Aircraft	- 119	-2,200
•• Reduce Administrative Support Personnel	- 132	-3,603
•• Reduce Temporary Civilian Hires at Logistic and Supply Operations	- 40	-
•• Reduce Civilian and Selected Reserves Strength	- 558	-36,569
TOTAL ARMY SAVINGS	- 1,118	-46,916

Significant force structure and program changes have been proposed that affect the near- and long-term risks associated with implementing national security policies. The budget reflects 18 active and 10 reserve component divisions in the Army and 3 active and 1 reserve divisions in the Marine Corps, the same as last year. Army active military end strength will be reduced by 8,600 soldiers compared to the original FY 1989 Department of Defense request. By the end of FY 1989 the Army will deactivate one brigade from the 9th Motorized Infantry Division at Fort Lewis, Washington, reduce the size of some helicopter units and reduce supporting headquarters personnel throughout the Army. Planned activation of the 6th Light Infantry battalion in Alaska will not occur in FY 1988 and FY 1989.

The Army aviation fleet will be reduced from more than 8,200 aircraft to less than 7,000 aircraft by eliminating 450 OH-58A and UH-1 helicopters by the end of this year, 170 helicopters in FY 1989 and another 742 over the next five years. The resulting fleet will be smaller but equipped on the average with newer and more capable aircraft.

Achievement in FY 1989 of the Navy's long-standing overall force goal of 600 ships has had to be deferred in order to allocate adequate funds to support fully a smaller force structure. The Navy will decommission one SSBN originally scheduled for overhaul. Fiscal constraints resulted in the proposed retirement of 16 frigates. These actions, along with other program adjustments such as the congressionally directed retirement of an SSBN in FY 1988, will result in an overall force of 580 deployable battle force ships at the end of FY 1989. The Navy will have to stand down the 14th carrier air wing, relying instead on the two reserve carrier air wings to support ship deployments. Navy active force military end strength will be reduced by 9,600 from the original FY 1989 plan. Marine Corps' actual end strength will be reduced by 2,900 active Marines and 900 reserve Marines by restructuring combat units.

NAVY FORCE STRUCTURE CHANGES
($ in Millions)

	Changes	
	Dollars	Manpower
•• Retire 16 Frigates in FY 1988/FY 1989.	- 166	-4,400
•• Will not stand up the 14th Air Wing at Miramar Naval Air Station.	- 95	-1,600
•• Deactivate one Strategic Submarine.	- 116	-11
•• Decrease the Navy, Marine Corps and Navy Reserve Military, and Civilian End Strength.	- 372	-22,322
TOTAL NAVY SAVINGS	- 749	-28,333

The Air Force will begin deactivation of two tactical fighter wings in FY 1989; the 474th at Nellis Air Force Base, Nevada, and the 401st at Torrejon Air Base in Spain. If we are successful in our efforts to locate a new base for the 401st in Europe and we are making progress, we will nominate another wing for deactivation. The 401st is vitally important for NATO's deterrent. By the end of 1990, additional aircraft in several different U.S.-based Air Reserve Force squadrons, equal to a third wing, are planned for elimination, which will reduce the total Air Force tactical fighter wing equivalents to about 35 from the current level of nearly 38. The Air Force also will begin the phase-out of SR-71 aircraft as well as two helicopter-equipped tactical air support squadrons. Total active Air Force military personnel end strength will be reduced by 25,000 compared to the original FY 1989 defense request.

AIR FORCE FORCE STRUCTURE CHANGES
($ in Millions)

	Changes	
	Dollars	Manpower
•• Deactivate the 401st Air Wing in Spain.	- 15	-735
•• Deactivate the 474th Tactical Fighter Wing at Nellis AFB.	+ 57	-
•• Reduce SR-71 Program in FY 1989.	- 119	-527
•• Reduce 12 Guard and Reserve Tactical Fighter Squadrons from 24 to 18 Aircraft by end FY 1991.	- 5	-174
•• Deactivate two helicopter Equipped Tactical Air Support Squadrons.	- 4	-249
•• Convert an Air Guard RF-4C Recon. Squadron to a C-130 Tactical Airlift Squadron.	+ 5	-
•• Reduce Vandenberg to Mothball Status.	- 12	-
•• Reduce Military, Civilian, and Selected Reserve Strength.	- 533	-30,528
TOTAL AIR FORCE SAVINGS	- 626	-32,213

Program Adjustments

ARMY PROGRAM TERMINATIONS
(Current $ Millions)

	FY 1989	FY 1989 & BEYOND
AQUILA RPV	226	1,096
Anti-Tactical Missile	35	149
EH-60 Helicopter	45	45
Howitzer, M198	20	91
Mortar, 120mm	24	161
Copperhead	106	747
TOTAL	455	2,289

NAVY PROGRAM TERMINATIONS
(Current $ Millions)

	FY 1989	FY 1989 & BEYOND
A-6F Aircraft	918	5,655
Naval Airship	62	135
Anti-Radiation Seeker	8	109
High Frequency Anti-Jam (HFAJ) Radio	52	87
5 Inch SAL GP	*	*
Skipper	37	209
TOTAL	1,077	6,194

* Not included in Original Biennial request

AIR FORCE PROGRAM TERMINATIONS
(Current $ Millions)

	FY 1989	FY 1989 & BEYOND
ASAT	786	2,218
Small ICBM *	2,150	39,790
Minuteman III PenAids	129	561
C-27 Aircraft	65	65
AGM-130	92	401
Airborne Command Post Replacement	14	140
TOTAL	3,237	43,175

* Budget includes $200 Million to protect the option of the next Administration.

Eighteen development and procurement programs are terminated in the amended budget, which will reduce FY 1989 funding requirements by nearly $4.8 billion and save another $46.9 billion in the outyears.

Programs were terminated for a variety of reasons. Some were cancelled because they were not affordable, such as the Army's AQUILA Remotely Piloted Vehicle (RPV), Copperhead projectile, and the 120mm mortar; the Navy's High Frequency Anti-Jam (HFAJ) Radio, Naval Airship, Skipper bomb, and 5" Guided Projectile; and the Air Force's Minuteman III Penetration Aids and Airborne Command Post System Replacement. Others were terminated because there are viable alternatives that satisfy mission requirements. The Army will upgrade the Patriot Missile in lieu of procuring the Anti-Tactical Missile; the Navy will upgrade the A-6E rather than produce the A-6F; and the Air Force will use existing chartered aircraft and cancel production plans for the C-27 aircraft. The Army terminated the M198 Howitzer and EH-60 helicopter since present forces will provide an acceptable capability. The ASAT missile program was cancelled due to continual congressional testing restrictions that preclude the benefits of further investment. Finally. the Air Force cancelled procurement of the AGM-130 powered GBU-15 because of technical problems.

ARMY PROGRAM DEFERRALS
(Current $ Millions)

	RDT&E	PROCUREMENT	TOTAL
Forward Area Air Defense C^2I	65	63	128
Advanced Anti-Armor Weapon-Heavy	92	-	92
Armored Family of Vehicles	45	-	45
LHX Helicopter Restructure	407	-	407
Army Data Distribution System	-	85	85
TOTAL	609	148	757

NAVY PROGRAM DEFERRALS
(Current $ Millions)

	RDT&E	PROCUREMENT	TOTAL
Advanced Air to Air Missile	57	-	57
MK 48 ADCAP Torpedo	-	111	111
MK-50 Torpedo	-	79	79
Vertical Launch ASROC	-	53	53
TOTAL	57	243	300

In addition to those programs scheduled for cancellation in the FY 1989 amended budget, research and development efforts or planned procurements have been deferred for technical reasons, congressional action, or unique program circumstances. Some programs have had to be restructured to respond to congressional direction, such as the Army's Advanced Anti-Armor Weapon-Heavy (AAWS-H) and the Armored Family of Vehicles. The Army Data Distribution System has experienced technical delays. As briefed to the Congress in FY 1987, the Navy's MK-48 ADCAP torpedo has experienced production delays, while the MK-50 torpedo and Vertical Launch ASROC have experienced development delays. The Air Force's Defense Meteorological Satellite program has been delayed. Total FY 1989 program deferrals in the amended budget reduce funding by $1.1 billion.

NEW STARTS DELAYED
(Current $ Millions)

	RDT&E	PROCUREMENT	TOTAL
ARMY			
Non-Line of Sight Missile	-	66	66
Light Assault Bridge/Launcher	-	6	6
NAVY			
Low Cost Sonobuoy	-	27	27
Passive Signal Monitoring System	-	40	40
ASW Variant of V-22	18	-	18
New Warhead for MK-50 Torpedo	8	-	8
AIR FORCE			
B-1B Enhancements	165	-	165
Sensor Fuzed Weapon	-	111	111
TOTAL	191	250	441

Eight programs scheduled as new starts in FY 1989 were delayed. Delayed to FY 1990 were the procurement of Non-Line of Sight Missile and the Light Assault Bridge/Launcher for the Army; the Navy's Low Cost Sonobouy, ASW variant of V-22, new warhead for MK-50 torpedo and the Passive Signal Monitoring System; and B-1B Enhancements and the Sensor Fuzed Weapon for the Air Force. Delaying these programs reduced funding requirements in FY 1989 by over $400 million.

Amended FY 1989 Program Priorities

Manpower

Military and civilian manpower requirements are directly linked to force structure requirements. Therefore, revisions to force structure as a result of current funding constraints have also affected manpower levels. Congressional direction on officer reductions and provisions of the Goldwater-Nichols DoD Reorganization Act of 1986 have imposed other variables on the development of manpower requirements within the Department.

The amended budget supports a total force level of 2,138,300 full-time active duty personnel, a reduction of 46,100 from the force levels presented in the original FY 1989 budget submitted last year and a total reduction of 35,917 from actual FY 1987 levels. Likewise, the reserve force total of 1,173,000 reflects a decrease of 40,500 end strength from the original FY 1989 budget

DEPARTMENT of DEFENSE MANPOWER
(END STRENGTH IN THOUSANDS)

	FY 1988	FY 1989
MILITARY ACTIVE DUTY		
FY 1988/FY 1989 BIENNIAL REQUEST	2,172	2,184
ARMY	-9	-9
NAVY	0	-9
MARINE CORPS	-2	-3
AIR FORCE	-23	-25
TOTAL ACTIVE DUTY REDUCTIONS	-34	-46
FY 1989 AMENDED REQUEST	2,138	2,138
SELECTED RESERVES		
FY 1988/FY 1989 BIENNIAL REQUEST	1,190	1,213
REDUCTIONS	-18	-40
FY 1989 AMENDED REQUEST	1,172	1,173
CIVILIANS		
FY 1988/FY 1989 BIENNIAL REQUEST	1,123	1,125
REDUCTIONS	-11	-23
FY 1989 AMENDED REQUEST	1,112	1,102

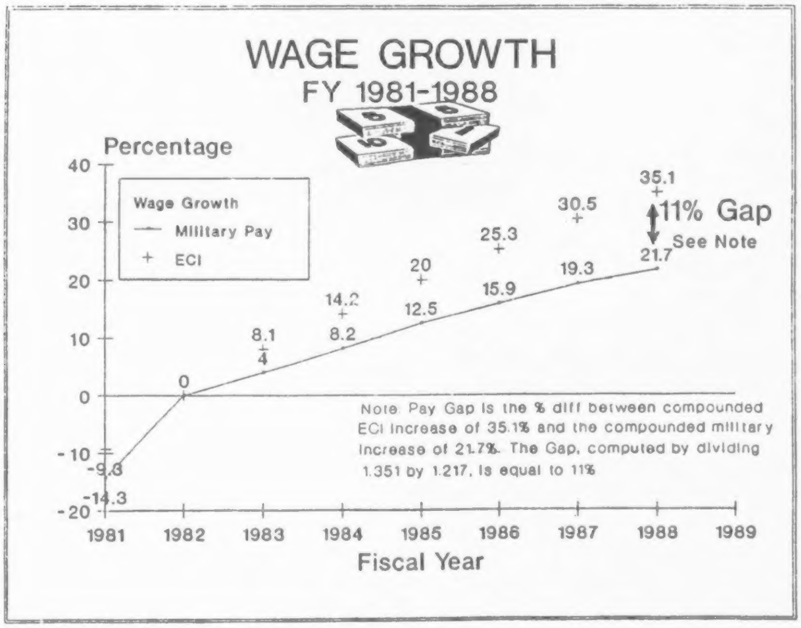
but a total increase of 22,045 over actual FY 1987 levels. Civilian personnel end strengths have been reduced from 1,125,000 reflected for FY 1989 last year to 1,102,000 in the amended FY 1989 budget, a decrease of 23,000. The amended level represents a reduction of 30,884 civilian end strengths from actual FY 1987 employment levels. These reductions have been achieved through decreases in the force structure, consolidation of workload and general reductions and will be accommodated through reduced accessions and early release of military personnel and attrition of civilians. Although force structure reductions do not save a great deal of money in the near term, they save money every year thereafter in increasing amounts as more infrastructure savings are identified.

We have witnessed some dramatic achievements in the area of military personnel over the last seven years. Continued success in recruiting and retention of military personnel have made the volunteer force a favorable and economical alternative to conscription. Improvements in pay and benefits, increased opportunities for women, and better living and working conditions have contributed greatly to the desirability of a military career. Also, continued congressional support for the Department's morale, welfare, and recreation program has contributed materially to the Department's quality of life programs for service members and their families. FY 1987 was an outstanding year for recruitment. All Services met or exceeded their enlistment objectives and did so in spite of the shrinking pool of young people from which to recruit. Quantity has not been the only measure of success. The recruit today is of unprecedented high quality.

I have made every effort in this year's budget to preserve the significant gains in recruiting and retention. Included in the budget are a 4.3 percent pay raise and a 3.4 percent increase in the Variable Housing Allowance (VHA) for our military personnel to be effective January 1, 1989.

PEOPLE PRIORITIES

- **COMPENSATION --4.3% MILITARY PAY RAISE**
- **VARIABLE HOUSING ALLOWANCE INCREASE**
- **SELECTIVE REENLISTMENT BONUS**
- **SPECIAL & INCENTIVE PAYS**
- **CONTINUATION BONUS FOR AIR FORCE PILOTS**



Note: Pay Gap is the % diff between compounded ECI increase of 35.1% and the compounded military increase of 21.7%. The Gap, computed by dividing 1.351 by 1.217, is equal to 11%

The military pay raises implemented early in this Administration served to help the military "catch-up" with the private sector in order to better compete in the labor market. As a result of improved pay and improvements in the area of benefits, the military became an attractive alternative for many young Americans and a career opportunity as well. Unfortunately, subsequent pay caps have seriously eroded those gains and today military pay raises are 11 percent behind private sector pay raises--worse than it was when this Administration first took office. The 4.3 percent pay raise included in this budget would roughly match projected private sector wage increases and prevent military pay from falling further behind. I have made a point of finding the funds to support a 4.3 percent military pay increase within the budget summit agreement levels and I ask the Congress to join with me in telling our uniformed men and women that their standard of living will not be the first victim of resource constraints.

The increase in VHA is also intended to prevent further erosion in that important allowance. Because of congressional restrictions, VHA rates have not been increased since FY 1986 even though housing costs have gone up by 8.5 percent during that period. As a result, military members are now absorbing, on the average, over 22 percent of housing costs out of pocket, as compared to the 15 percent they are intended to absorb under statute. The VHA increase in the budget would keep the housing cost absorption from getting even larger.

Current officer retention is stable with the exception of two critical officer communities: nuclear trained naval officers and aviators. The enhanced Nuclear Officer Incentive Pay authorized by the Congress in 1986 is expected to reduce the shortage in nuclear trained officers. However, the demand and competition for pilots from commercial aviation is expected to continue to exacerbate the shortage in this community. Continuing existing incentives and considering other alternatives are important if we are to remain competitive in this area. In particular, we are considering a new initiative which would provide an aviation officer continuation bonus to Air Force pilots.

We have now implemented a congressionally-directed reduction of 2 percent of our officer corps. I am concerned that we not make any further arbitrary reductions and that we understand completely the impact of any officer reductions. We are currently studying the proposed FY 1989-1990 cuts in concert with the force structure reductions we are making. We will report to you in March on the results of that study.

The budget reductions in civilian personnel end strength in FY 1988 and FY 1989 are primarily in the area of general base support and logistics activities. For the civilian workforce, the budget requests a 2 percent pay increase to be effective January 1, 1989. This is consistent with the Administration's government-wide request for civilian pay.

Operation and Maintenance

The emphasis placed on improving readiness is apparent in the Operation and Maintenance appropriations request of $85.6 billion. This reflects 2.4 percent real growth over FY 1988 approved levels and compares with the 4.8 percent real decline appropriated last year by the Congress. The outlay constraints in the budget agreement prohibited the Department from adding additional growth in readiness. Growth is reflected for operating tempo improvements and for increased depot maintenance efforts.

Additional funds have been requested to slow the rate of growth in the backlog of equipment waiting to be repaired. However, in order to provide the funding level required to maintain the readiness of the operating force, within the fiscal constraints of the FY 1989 budget, it has been necessary to reduce funds for base operations and general logistic support programs. Maintenance backlog levels will increase in both FY 1988 and FY 1989 as a result of budget limitations.

TRAINING PRIORITIES

- **MEET ARMY GOAL OF 850 TANK MILES FOR GROUND OPTEMPO.**
- **MEET NAVY GOAL OF 50.5 STEAMING DAYS PER QUARTER FOR DEPLOYED FLEET.**
- **MEET AIR FORCE GOAL OF 19.3 TACTICAL HOURS PER MONTH**

The FY 1989 budget represents the restoration of ground and air training operating tempo levels for the Army and Air Force that had been reduced under FY 1988 fiscal constraints. The Army has maintained its optimum operating tempo goals for FY 1989 of 850 training miles for major combat tracked vehicles and 15.8 flight hours a month for its aviation crews. Both the Army and the Marine Corps will maintain tactical unit proficiency through joint and combined training exercises at the National Training Center and the Marine Corps Air-Ground Combat Center.

While the projected naval force levels have been reduced in the near term, efforts have been made to protect readiness levels. By eliminating the operational support requirements associated with the 14th carrier air wing, which will not stand up in FY 1989, the Navy will be able to maintain its peacetime operating tempos at acceptable levels. Navy and Marine Corps tactical aircrews will average 25 hours of flying time per month in FY 1989, enabling them to maintain our readiness goals. The budget reflects operation of our naval forces at 50.5 steaming days per quarter for the deployed fleets and 29 days for the home fleets. These levels are consistent with our operational goals. Continued high levels of operation in the Persian Gulf, however, may require funding to be redirected and result in a reduction in at-home training.

As with the naval forces, the reduced level of tactical air forces has permitted the Air Force to maintain its goal of 19.3 flying hours per month for tactical aircrews.

Mr. Chairman, I want to emphasize as strongly as I can that these levels of training must be funded. The Department has made the hard priority trade-offs to supply the resources for these levels and I urge you to support them. Training is the key to readiness and the maintenance of a quality force.

Procurement

The Department of Defense has funded, in the amended FY 1989 budget request, those systems and technologies critical to maintaining our superiority in weapons capabilities. The budget requests $80 billion for procurement programs, a 4.3 percent negative growth for the procurement title. Despite this overall drop in procurement, the Department of Defense has attempted to fund major programs at the optimum economic level wherever technology or force requirements have made this desirable.

ACQUISITION PRIORITIES

- AIRCRAFT
  - 180 F-16
  - 72 AH-64
  - 72 UH-60
  - 72 F/A-18
  - 24 AV-8B
  - 12 F-14
  - 36 F-15
- MISSILES
  - 815 PATRIOT
  - 66 TRIDENT II
  - 510 TOMAHAWK
  - 12 PEACEKEEPER

ACQUISITION PRIORITIES

- SHIPBUILDING
  - 1 TRIDENT
  - 2 SSN 688
  - 1 SSN-21
  - 3 DDG-51
  - 1 LHD-1
- LAND FORCES
  - 559 ABRAMS (M-1) TANKS
  - 581 BRADLEYS
- COMMUNICATIONS & ELECTRONIC EQUIPMENT UPGRADE

The amended FY 1989 request includes 429 fixed-wing aircraft and 188 helicopters. The increase in the aircraft program reflects higher funding for the B-2A bomber, the procurement of improved models of the F-16 fighter, an increase in the C-17 program from 2 to 4 and an increase in Air Force aircraft spare parts. Aircraft procurement levels reflected in the budget will maintain our goal of 10 years average age for tactical fighter aircraft. The modernization of our reserve force is continuing as more F-16s replace the oldest F-4s.

The Army sustains both AH-64 and UH-60 helicopter production at 72 per year and provides for the Army Helicopter Improvement Program (AHIP) to modify 24 aircraft in FY 1989.

The Navy will, with congressional approval, upgrade a limited number of A-6Es in lieu of developing the A-6F model as previously planned. The Marine Corps has restructured its AV-8B program, reflecting a 44 aircraft reduction under a multiyear procurement planned for FY 1989 through FY 1991. As directed by the Congress, the final 34 AH-1W Super Cobras will be procured by the Marine Corps in FY 1988 and will sustain the current Marine Corps attack helicopter forces into the 1990s. Initial long lead procurement funding for the V-22 Osprey tilt-rotor aircraft program is requested in FY 1989. This aircraft will provide significant increases in operational capability, reliability and survivability for the Marine amphibious assault forces.

The increase in funding for missile programs reflects increased production quantities of AMRAAM, PHOENIX, STANDARD and MAVERICK missiles and continues improvements in the accuracy, reliability and survivability of our nuclear forces. While PEACEKEEPER missiles continue to be deployed in refurbished Minuteman silos in Wyoming, the longer term objective is to deploy PEACEKEEPERS in a basing mode that is more survivable, such as the rail garrison basing mode currently being considered. Only 12 missiles are requested in FY 1989 in recognition of congressional determination to approve no more than that level each year while decisions are pending on the basing mode. These twelve missiles will enter a pool of available test missiles while we work with the Congress to determine the appropriate basing mode. Once basing concerns are resolved, we would expect the Congress to insist on a more economical procurement level for these missiles.

The amended budget supports continued development of the Trident II (D-5) missile and production of 66 D-5 missiles. This missile will be deployed on the ninth Trident SSBN in late 1989. Production and deployment of the nuclear version of the Tomahawk sea-launched cruise missile continues in FY 1989 with a total complement of 758 to be deployed by the mid-1990s.

For the Army, no reductions were imposed on heavy armored or mechanized forces; those forces that would bear the brunt of combat with Warsaw Pact or comparably equipped opponents. The highest priority was given to procurement of 545 Abrams (M-1) tanks and 581 Bradley Fighting Vehicles.

The FY 1989 shipbuilding program includes $9.1 billion for the construction of 17 ships and two conversions. The first of the improved SSN-688 class submarines equipped with the AN/BSY-1 submarine combat system will join the fleet in 1988 realizing our goal of 100 attack submarines. To maintain this 100-ship force, with its qualitative superiority over Soviet submarines, will require the continued procurement of three to four submarines a year. The FY 1989 budget requests 2 additional SSN-688 submarines as well as the first SSN-21 Seawolf attack submarine.

The amphibious assault force program remains unchanged from last year, with the fourth LHD proposed for authorization in FY 1989.

The amended FY 1989 budget contains three AEGIS destroyers. Higher rates of procurement of Antiair Warfare (AAW) ships, such as the DDG-51, will be necessary in the future to offset projected retirements of older AAW ships. In the area of mine warfare, the FY 1989 budget continues to reflect the second and third MHC-51 minehunters and the remaining 7 MH-53E helicopters. Finally, the FY 1989 budget requests funds for the second of four planned AOE-6-class fast support ships.

The MK-48 Advanced Capability (ADCAP) torpedo has completed a successful at-sea testing program and will proceed with limited production in FY 1989.

Research, Development, Test, and Evaluation

The FY 1989 RDT&E title request of $38.2 billion reflects no real growth over FY 1988 levels. Many programs have been restructured, reduced, deferred and, in some cases, terminated.

In the current resource environment, the Administration does not feel two mobile missiles to be affordable or cost effective. The Department believes the PEACEKEEPER rail garrison concept is far more cost effective than Midgetman and this basing mode development effort is being fully funded. In the interest of maintaining a strategic consensus with the Congress, however, the budget proposes preserving the option of continuing the Small ICBM development program for a final decision by the next administration. The budget reflects the $700 million appropriated in FY 1988 and requests $200 million in FY 1989 to support continued development of the Small ICBM and its basing mode through FY 1989. No funds have been included in the outyears.

While the United States needs an operational ASAT to counter the Soviets and deter exploitation of their current monopoly, continuing congressional prohibition of testing of the air-launched miniature vehicle (ALMV) against targets in space has forced cancellation of the ALMV ASAT program. I believe the congressional restrictions represent an extremely unwise decision in terms of deterrence credibility, but I cannot afford to budget scarce resources on a program we are unable to test. The Soviets already have a deployed antisatellite (ASAT) system. Should the Congress decide to allow us to test an effective deterrent to the Soviet ASAT capability, the Department would be prepared to reinstate the program immediately.

The MK-50 torpedo program, having been restructured in FY 1987, is now on track for fleet introduction in FY 1991. Development of the Sea Lance ASW standoff weapon has been limited to initial missile tests in order that this program can be reviewed this summer before making any long term commitment.

In addition to continuing procurement of existing aircraft models, modernization efforts include the investigation of advanced derivatives of the F-16 and the F/A-18 aircraft to complement a new generation of tactical aircraft currently under development - the Air Force's Advanced Tactical Fighter (ATF) and the Navy's Advanced Tactical Aircraft (ATA). Consistent with congressional direction, both the ATA and ATF programs are being developed jointly and will be designed to include the unique requirements of both Services.

The budget includes $4.5 billion to continue the demonstration and validation program essential to a feasibility decision on advanced strategic defense. However, as a result of congressional reductions in FY 1987 and FY 1988, the SDI program effort has had to be restructured. The options for accommodating substantial budget cuts, based on the essential need to maintain a strong technology research program, were limited to reductions in integrated experiments and/or shifting from the balance between mature and advanced technology. Since its inception, a series of technology developments and experiments have underscored the potential for using advanced technology to construct an effective defense. Most recently, the ability to intercept targets within the atmosphere and space has been demonstrated. There have been significant advances in several directed energy and sensor technologies as well as in system architecture and operating concepts. Six major elements comprising a possible initial defense system were approved by the Defense Acquisition Board (DAB) for entry into the demonstration and validation phase. The purpose of this phase is to evaluate the feasibility of critical elements of a potential Strategic Defense System (SDS).

Military Construction/Family Housing

The budget requests $5.7 billion for military construction and $3.3 billion for family housing in FY 1989. This represents real growth of 2.5 percent over FY 1988 levels. The requested levels are considered the minimum necessary to support new weapon systems being deployed, to accomplish new or changed missions and to provide adequate living and working conditions for servicemembers and their families. While essential mission and quality of life projects are funded, the backlog of facility requirements will continue to grow. The budget funds construction in support of major programs, such as the Advanced Technology Bomber, TRIDENT, and PEACEKEEPER. It also provides funding for the Strategic Defense Initiative, the Navy's Strategic Homeporting Initiative, Fort Drum, New York and Fort Wainwright, Alaska.

Family housing construction represents our commitment to improve the living conditions of military personnel and their families. The FY 1989 request funds construction of 3,226 new family housing units; improvements for over 16,900 existing units; and the leasing of more than 27,700 foreign housing units, 2,300 domestic units and 7,100 Section 801 units under the build to lease program.

Management of Defense Resources

One of the highest priorities within the Department under this adminstration has been to refine and improve upon our management practices to ensure that our defense resources are spent wisely and effectively. I intend to continue these efforts and have structured an acquisition strategy based on three underlying principles of stability, quality, and partnership.

The cornerstone of this strategy is stability, and yet it is the hardest to achieve. Providing the Department of Defense with the degree of management authority and flexibility as well as timely authorization and appropriations so critical to efficient planning and program execution will require significant revisions to current attitudes and processes. And, though revisions are not likely to occur overnight, they can be realized through increased cooperation between the executive and legislative branches and between government and industry. First and foremost, we must achieve budget stability. It is impossible to plan and pursue a sensible acquisition strategy when resources remain an unknown variable until provided under continuing resolutions, often well into the fiscal year. I am pleased with the continued support within the Congress for the two-year budget concept, for it will provide the stability necessary for successful pursuit of such money-proven practices as baselining and multiyear procurement. Stability in defense acquisition, in turn, can provide the incentive for industry to make the investment so crucial to our nation's industrial base.

I intend to introduce a total quality management strategy in the Department and to its contractors. Studies have shown that 95 percent of the effort involved in producing a product is related to efforts other than the actual physical production of the product. We will focus on the inefficient and costly practices that occur within this 95 percent. Further, 40 to 50 percent of the life-cycle costs of weapon systems lies in logistics support. If we can ensure that the original product is of high quality, then we should be able to reduce these costs. We want to break from the traditional idea that quality means merely conforming to specifications. Quality should be the responsibility of the entire acquisition team from design through production to deployment and should be the primary consideration from the very first day of a program's life.

Implementation of any strategy to improve quality in defense products and in management requires the cooperative participation of industry. In recent years, aggressive efforts to improve the acquisition process within the Department have strained its relationships with industry. While the relationships should be at arms length, they should not be adversarial. We intend to seek positive and cooperative ways for the Department and industry to work together to cut costs and inspire quality. We will work to eliminate the burden of multiple reviews by contract officers and auditors. This does not mean that we are abandoning our commitment to reduce waste and fraud. Rather, we want to free contractors to pursue efficiency and quality. And, we need to reduce and clarify acquisition regulations throughout the system. To this end, we are working with the Congress and the Office of Management and Budget to replace the maze of acquisition legislation with a single, understandable law.

I cannot stress enough that the underpinning for this effort as well as all our management improvements remains stability. Stability is the key to effective program management, quality performance, and affordability of our defense program. Stable funding by the Congress is a prerequisite to meeting program cost and schedule goals; stable well-considered requirements, understood and supported by government and contractor, will eliminate costly changes later; and a stable legislative and regulatory environment allows creative and experienced people to fully exploit the tools provided in their search for improved quality and reduced cost.

Other Defense Budget Issues

Limited defense resources now and in the foreseeable future have highlighted some specific problems that we are experiencing in the Department of Defense. I would like to address some of these issues now.

INF Verification

Mr. Chairman, I have already discussed the importance placed on maintaining readiness as demonstrated by the Operation and Maintenance funding levels for FY 1989. But our operating accounts have been under stress from many increasing or emerging requirements. Support costs for INF Treaty Implementation are estimated to be $198 million in FY 1988 and $148 million in FY 1989. Costs associated with implementation of this treaty include those relating to personnel, travel and transportation, contract support and supplies and equipment for management personnel and inspection and escort teams at sites in the United States, basing countries and the USSR. They also include costs associated with destruction and elimination of missiles, launchers and facilities and other activities conducted in conjunction with the implementation program.

NATO Programs

The signing of an intermediate-range nuclear forces (INF) agreement in December 1987 highlights the importance of our continuing effort to modernize and strengthen NATO's nuclear and conventional forces.

In 1983, NATO Defense Ministers agreed at Montebello to modernize theater nuclear forces. Major programs stemming from the Montebello Decision that have a direct bearing on the United States include:

- Modernization of NATO's dual-capable aircraft and their nuclear bombs;
- Development of a tactical air-to-surface missile to replace a portion of the nuclear bombs delivered by U.S. and allied aircraft;
- Development of a follow-on system to replace the aging LANCE deployed with U.S. and allied forces; and
- Production of sufficient modern nuclear artillery rounds.

Most of these systems are included in our FY 1989 Amended Budget. All will be given high priority as the Department reviews its future defense plans and consults with other NATO governments. We are proposing that Congress lift the current limitation on nuclear artillery rounds. We also need removal of the restrictions on further development of ATACMs as a follow-on to LANCE.

NATO NUCLEAR & CONVENTIONAL FORCE IMPROVEMENT PROGRAM

THEATER NUCLEAR FORCES

Modernize NATO's Dual Capable Aircraft and associated Nuclear Bombs.

Develop a Stand-off Tactical Air-to-Surface Missile (TASM).

Modernize NATO's Artillery-Fired Atomic Projectile and .Seek removal of Congressional Restrictions on production of nuclear Artillery.

Develop a Follow-on to LANCE with increased range, improved accuracy, and improved operating characteristics.

CONVENTIONAL FORCES

Continue Procurement of modern systems such as M-1 Tanks, F-15 fighters, and AEGIS Destroyers.

Develop Reconnaissance RPV's.

Develop highly accurate conventional Cruise Missiles.

Procure TACIT RAINBOW defense suppression missiles.

Continue to procure AMRAAM, PHOENIX and third generation Anti-Tank Weapons.

Develop MLRS, ATACMS, JSTARS and new Stand-off Air-to-Surface Missiles (TASM).

Develop and procure Forward Area Air Defense Systems (FAADS) and Improved PATRIOT Missiles.

Continue development of MK-15 System for Aircraft Identification.

Another important part of our NATO Defense Program is the U.S. contribution to the Conventional Defense Improvements initiative launched by NATO in 1984. We must continue to modernize our conventional forces with new equipment to retain our technological edge on the battlefield. The M1-A1 tank, F-15 fighter and AEGIS destroyer are examples of relevant procurement programs. We must also look ahead with research and development programs to further enhance our capability to conduct a flexible conventional response. We are developing tactical reconnaissance RPVs and highly accurate conventional cruise missiles capable of being launched from air and sea platforms to locate and strike critical targets deep in Warsaw Pact territory. Additionally, we plan to enter production in FY 1989 with Tacit Rainbow, a defense suppression missile which will greatly increase our effectiveness against enemy air defenses.

To ensure an effective conventional capability, we must also support programs such as POMCUS, airlift and sealift to enable us to achieve our goal of ten divisions in Europe ten days after mobilization. We must continue to develop and procure modern munitions such as AMRAAM, Phoenix and third-generation antitank weapons. Our ability to attack second-echelon Warsaw Pact forces must be further developed with systems such as MLRS, ATACMS, JSTARS, new standoff air-to-ground missiles, and the joint tactical fusion program. In the area of advanced cruise missile guidance, we are exploring several innovative technologies that we hope to incorporate in weapons production as soon as feasible. To control our air space and protect our aircraft we are continuing to improve, develop and field modern air defense systems such as FAADS and Patriot. Our contributions to NATO Infrastructure are providing hardened aircraft shelters and essential facilities at collocated operating bases in Europe. In addition, we are working with our NATO allies to develop a common system for aircraft identification. We will continue to devote special attention to such programs as we seek to strengthen our conventional posture in Europe.

We are also pursuing our competitive strategies initiative with an initial focus on the European theater. The task force on Europe developed proposals to improve NATO's defense posture in areas involving Soviet command and control and countering Soviet air and ground operations. The proposals exploit the Soviet requirement for strict time management and maintenance of a high operational tempo. NATO advantages in data automation and processing, target acquisition and intelligence fusion and dissemination can take advantage of this dependence, providing for more effective use of NATO's conventional capabilities.

These competitive-strategy proposals to improve NATO's defense posture center on new and improved military capabilities that share a number of common characteristics; for example: various unmanned systems (e.g., surface to surface, precision stand-off, air-to-surface and cruise missiles, drones and RPVs), area munitions, various extended-range tube-launched projectiles, rapidly emplaceable barriers, precision-penetrator warheads and smart submunitions. The task force recommendations take advantage of advances in automatic data processing, intelligence fusion and electronic miniaturization. Each of the recommendations can be enhanced through extensive use of low-observable technologies and an integrated command, control and communications system. The greatest effect would be gained by synergistic employment of these capabilities in combination with a robust NATO-wide command and control system.

The task force's recommendations are now being staffed within the department to determine the best ways to implement them. In addition, the Task Force Report has been provided to the Commanders in Chief (CINCs) of the Unified and Specified Commands, who will play an important role in implementing any competitive strategy adopted.

FY 1988 Funding Problems

FY 1988 UNFUNDED REQUIREMENTS ($ in Millions)	
Overseas Station Allowance	500
CHAMPUS	645
INF Treaty Implementation	198
Foreign Currency Fluctuation	930
Industrial/Stock Fund Transfer Refunds	523
Civilian Pay Raise	416
Civilian Health Service	200
Fuel Price Increases	361
Persian Gulf Operations	175
GSA Stock Fund Surcharge	64
TOTAL	4,012

Mr. Chairman, there is a serious FY 1988 operating issue upon which I want to place special focus. Sizeable FY 1988 O&M appropriation reductions, coupled with skyrocketing uncontrollable costs, have created problems in program execution that rob management of the flexibility needed to deal with program requirements or operations. There has already been a great deal of publicity about actions the Air Force and Army are taking in FY 1988, including furloughing of civilian personnel, to deal with these situations. Transfer authority is one of the most important management tools we have available to meet and respond to such changing situations. The FY 1988 transfer authority of $1.5 billion provided by Congress will be consumed rapidly by such requirements as implementation costs of the INF Treaty, increased CHAMPUS costs, absorption of the 1988 military and civilian pay raises and higher fuel costs. I sincerely urge your support for our request to increase the Department's level of transfer authority to $4 billion in FY 1988 and $3 billion in FY 1989. Also, approval is essential of our proposed legislation allowing utilization of prior year balances to offset increased foreign currency and overseas station allowances resulting from the decline in the value of the dollar. Disapproval of this requested authority is a defacto cut in readiness programs of almost $2 billion annually. Lastly, I encourage your strong support for defense readiness efforts--including prompt approval for must-pay readiness-related reprogramings. In this period of constrained resources, we must forge a partnership to protect the most critical of our defense needs and provide our managers with the flexibility to do their job.

Conclusion

Mr. Chairman and Members of the Committee, the amended FY 1989 defense budget before the Congress reflects significant force structure reductions--fewer ships, fewer aircraft, fewer weapons systems--that have long-term implications for our national security. This follows three years of negative growth in defense funding levels and is a direct consequence of complying with the budget summit agreement. We must weigh carefully our future decisions on defense budgets and programs if we are not to reverse the substantial achievements in our military forces realized at great cost over the last seven years.

Mr. Chairman, I hope the fact that we already have a binding defense topline, as a consequence of the budget summit, means that the Congress will be able to move quickly to approve the FY 1989 amended defense budget request. The management challenges posed by current resource limitations make it all the more important to have funds authorized and appropriated without delay.

Next year the Department will again present a biennial budget for defense. I urge you to consider and approve the budget for FY 1990 and FY 1991 next year. Only through two-year authorizations and appropriations can we begin to realize even a modicum of stability so critical to rational and efficient planning and execution of defense programs. The two percent real growth I am projecting for defense planning over the next five years represents a major reduction and merits full support from the Congress. It is critical that we use the opportunity, arising from the budget summit, to work together to provide realistic and stable funding levels for defense programs. Real defense acquisition efficiency can only proceed from a stable and predictable funding pattern. My staff and I are prepared to assist you in any way we can as you review the defense programs contained in this amended FY 1989 budget.

Chairman NUNN. Thank you, Mr. Secretary.

Admiral Crowe, we are delighted to have you and welcome your statement.

STATEMENT OF ADM. WILLIAM J. CROWE, JR., USN, CHAIRMAN OF THE JOINT CHIEFS OF STAFF

Admiral CROWE. Thank you, Mr. Chairman.

I welcome this opportunity to discuss our military posture in connection with your hearings on the fiscal year 1989 budget. Like the Secretary, I have submitted a formal statement for the record which is rather lengthy. With your permission, I will merely summarize it this afternoon.

Chairman NUNN. Without objection, your entire statement will be part of the record.

Admiral CROWE. My written submission commences with a global review highlighting a number of continuities, changes and challenges in the world around us, all of which bear upon our national security and defense effort in the years ahead. It concludes that from a U.S. perspective, the immediate and most pressing challenge is to strike a course which both nourishes our economy and offers a lesser but under the circumstances reasonable level of security.

This challenge is a difficult one, and of course, inspired the budget summit agreement which has shaped the fiscal year 1989 budget request.

At the same time, I think it is imperative to recognize that in a democracy, we are always in peacetime operating on the defense margins, and seemingly small reductions in peacetime capability may very well result in large increases in risk. It is essential that our Nation understand that fact of life.

Clearly, the Soviet Union remains the dominant threat to our national security and to a more stable international environment. World power is still the name of the game in the Kremlin, and the Communist Party leadership will do what is necessary to play in that game.

As a reminder of this policy, the U.S.S.R. over the last two decades has built the world's largest military force, both nuclear and conventional, supported by a huge arms production base and a steady and consistent research and development program. Power projection capabilities, for example, are increasing at a steady pace, not only on and around the Eurasian continent, but also in space.

Perhaps more worrisome, we are seeing our traditional qualitative edges erode in the military field as the Soviet Union improves its posture.

This is not to say that there are no flaws in the Soviet military apparatus. There are. Some of the more prominent flaws are personnel problems, the lack of a regular corps of NCOs, training deficiencies, logistics distribution problems, unreliability of equipment, poor maintenance, and highly centralized command. Overall, the Soviet armed forces are confronted with serious vulnerabilities as well as strengths.

On a more fundamental level, there may be even more important forces at work. General Secretary Gorbachev and his Party colleagues seem to have concluded that the Soviet Union cannot remain a first rate world power with a second rate industry. Unquestionably, he wants to reshape the economy. It is not clear at this point whether he will succeed or what his policies will mean in terms of military spending or arms reductions.

Conceivably, it may be possible to develop a more stable and sustainable relationship with the Soviet Union. Much depends, however, upon U.S. and Allied resolve to render Soviet military power less coercive and less dangerous over the long haul. As Secretary Shultz recently observed, we must be prepared to deal with the best and the worst of Soviet behavior.

In my written statement you will find again this year a brief net assessment of U.S. and Allied capabilities versus the Soviet Union and its allies. This is my personal net assessment. Half of the assessment is devoted to four functions: strategic nuclear, maritime defense, strategic mobility, and special operations forces. The other half covers regions where we have a traditional and continuing stake in peace and security: the Western Hemisphere, Southwest Asia, the Pacific Far East, and NATO.

Frankly, I cannot do justice to each of these functions and regions without taking up time this committee would prefer for questioning. Therefore, in the next few minutes I will focus my compressed remarks on the strategic balance, the maritime situation, and forward defense in Asia and Europe. In my view, these balances tend to be the most complex and deserving of detailed comment.

With respect to the strategic balance, we worried 10 years ago about slipping to a position of strategic inferiority. Today our primary concern is to maintain strategic parity with the Soviet Union. In and of itself, that is a major challenge because the Kremlin continues consistently to finance a robust program to improve both strategic offensive and defensive systems. Nevertheless, our improving ICBM inventory, superior missile submarines, and penetrating bomber force still represent an extremely impressive capability.

Moreover, the President's strategic modernization program, if fully implemented—and I am talking about MX, D-5, B-1, ATB, the Advanced Tactical Bomber, the Advanced Cruise Missile, and command and control initiatives—will prepare us for the long haul.

In addition, the SDI effort obviously concerns the Soviets. We would be wise to nourish that concern.

All things considered, I am relatively confident that our triad will continue to deter a direct nuclear attack on the United States and its allies. For that judgment, however, to continue to be solid, I would emphasize that it is imperative to stay the course with our strategic modernization programs.

On the maritime front, the Soviets operate the largest navy in the world, tailored primarily for wartime sea denial missions. Soviet success in building ships with advanced naval weaponry continues to challenge our blue water superiority, and over the years it has been a remarkable effort admired by all seafaring men.

With a less than 600-ship Navy, we will be hard-pressed to penetrate Soviet sea denial zones and maintain essential communications links to our allies in Europe and Asia. Clearly, the key to success lies in the full integration of capabilities resident in our carrier battle groups, nuclear attack submarines, maritime patrol aircraft, surface action groups, amphibious forces, and replenishment units, plus strong support from our allies in terms of choke point control, mine clearance, land-based tactical aircraft, and especially naval escorts.

If all of these forces can be brought into play—and that is a big "if"—and if we can avoid future force structure cuts, the odds are that the United States and its allies can gain ultimate control of the vital sea areas, and that the United States can proceed with the necessary reinforcement and resupply of forward deployed forces in the event of hostilities.

I must reemphasize, however, the margins in these calculations are very thin. Overall, I would argue that we cannot afford to relinquish naval superiority to the Soviets. To do so would jeopardize our coalitions, economic and trade dependencies which are now necessary in war as well as peace, and capabilities to project our power overseas. Our ability to prevail at sea is a cornerstone of our overall strategy.

My assessment of the Pacific region has changed very little since last year. That is, I judge the posture of U.S. and Allied forces in the Pacific sufficient to deter the Soviets from a major attack in that theater, and if deterrence fails, to stand a very good prospect for preventing them from achieving their military objectives.

The Korean Peninsula remains a major security concern. However, the Republic of Korea, with Washington's support, is equipped to deal with any threat from the north that does not involve either the U.S.S.R. or the People's Republic of China.

Generally, our political relationships in this region work in our favor: Japan, the Philippines, Thailand, Australia, and even our relationship with the PRC. I am inclined to believe that any U.S.-

Soviet confrontation in the region would take its lead from Western Europe or events elsewhere.

Looking ahead, long term deterrence in the Pacific and our Nation's security, because I think the two are integrally linked, will depend heavily on a general upgrade of regional air defenses—that is from Alaska through the Korean Peninsula—the introduction of long-range interceptors and attack aircraft, and command and control and communications which can optimize employment of U.S. and allied tactical air forces.

For nearly four decades the pace and effort required by NATO have been driven by a steady expansion and modernization of Soviet capabilities, both conventional and nuclear. To this day, the balance of weaponry weighs heavily against NATO. From the outset, it became clear that the United States and its allies could not match Warsaw Pact numerical advantages in forces and weapons systems.

In the 1960's, the coalition reacted by adopting a defensive philosophy which aimed to keep the Soviet level of uncertainty high. At first the U.S. nuclear advantage buttressed such a doctrine, but as increasing numbers of Soviet nuclear weapons appeared, the alliance turned to a flexible response strategy with emphasis on quality forces and a balance of weaponry across the spectrum from conventional to theater nuclear weapons to strategic forces.

As a consequence of these policies, conventional force modernization has for two decades been a significant theme in NATO defense planning process. Over the last few years, the United States has been in the forefront of this effort, and our own force posture in Europe has steadily improved.

In general, Soviet military power is less coercive and dangerous than it might have been otherwise.

The NATO qualitative edge in tactical aviation, while somewhat diminished, has not disappeared. It is not clear, however, what this will mean against the numerical advantages of Soviet air forces, both offensive and defensive, which run in the neighborhood of two to three to one. I have complete confidence that the quality of our pilots and weapons systems would permit us to exact high exchange ratios, but overcoming the impressive numbers of Russian medium-range bombers, fighter-bombers, interceptors and surface-to-air weapon systems will be a sporty course, I assure you. The outcome is difficult to predict.

We will, of course, have the support of our naval forces in Europe, and as indicated earlier, the Soviets have not surpassed the allies and ourselves, our lead at sea.

Our assessments go behind the numbers and attempt to evaluate a wide variety of inputs, including Soviet personnel weaknesses, Moscow's reliance on satellite troops, logistics demands, intangibles such as morale, et cetera. The bottom line is that NATO capabilities are still deterring in Europe, but both the level of deterrence and the nuclear threshold remain too low, a theme that I stressed in my statement before this committee on the INF Treaty, Mr. Chairman.

The Chiefs for a number of years have consistently testified to that effect. If for some reason war breaks out, maintaining a successful forward defense in Europe will be a questionable proposition. Our analysis argues strongly that Soviet conventional ground forces will be extremely difficult if not impossible to contain. Especially worrisome is a pronounced Soviet advantage in chemical warfare capabilities. Even if they could be defeated, and as I have suggested, this is highly controversial, it would be at a high cost in lives, treasure, territory and time.

Thus, all things considered, it is imperative in my judgment for the alliance to preserve the gains made in the 1980s and move forward with programs which will promote a higher degree of uncertainty in the minds of Kremlin planners and disrupt their warfighting timetable.

In sum, I believe the level of risk is much too high today. That thought is at the center of a number of initiatives to improve NATO's warfighting capabilities, for example, the Conventional Defense Initiative of NATO, the long-term competitive strategies program, NATO defense initiatives, Montebello, etc.

It is essential that we draw these efforts together and enhance the cutting edge of NATO's existing forces and modernize the theater nuclear assets allowed by the INF Treaty. We are working hard in the Pentagon to do exactly that.

In summary, I would say it is clear that the investments made in the last few years have improved the foregoing net assessment from the U.S. standpoint. It is equally obvious that we have a long way to go, that the picture is a dynamic one, that the Soviets are working diligently to improve their position across the board, and that there are still a number of serious gaps in our own posture.

As indicated last year, we need a number of years' growth before we can face the future with confidence, a confidence, I would suggest, that befits the leader of the Free World.

Now to the Defense budget. In keeping with the Defense budget summit agreement of last November, the President is requesting, as the Secretary pointed out, $299.5 billion in fiscal year 1989. This budget has been carefully and tightly constructed to fit within a firm preset commitment, and there is a careful interlocking of the constituent elements. Simply put, the budget elects a slightly smaller force in order to protect quality throughout, and strives to protect our ability to fulfill our alliance commitments.

Its main priorities, as set forth by Secretary Carlucci, are people, readiness, and efficient acquisition. The budget is faithful to those goals and is treated at some length in the Secretary's full statement.

I will mention only some of its more prominent features. Throughout, the proposed budget protects programs which directly affect the quality of life of our people, the morale and retention curves. Today's performance, spirit and training of the Armed Forces are the best that I have witnessed in over 42 years of service. The Chiefs are determined not to let that quality deteriorate if at all possible. Never again do we want to return to the term "hollow forces."

Additionally, this budget nourishes capabilities which only the United States can provide for itself and for our allies who depend upon us. I am talking about the nuclear deterrent, maritime superiority, strategic mobility, special operations forces, and associated command and control capabilities.

In more detail, the fiscal year 1989 budget was structured to provide a 4.3-percent pay raise for our personnel, maintain efficient levels of production, sustain spare parts and low technology munitions at about current levels, reverse severe 1988 cuts in operations and maintenance funds, keep pace with mission essential and quality of life, military construction projects, and support NATO conventional and theater nuclear force improvements.

In order to protect these capabilities, we were forced to cut back in a number of ways, as Secretary Carlucci pointed out. With respect to conventional force structure, virtually all of the reductions will occur—not all, but the great bulk, will occur in our CONUS-based strategic reserve. Additionally, the procurement of conventional military equipment has been cut back by 16 percent compared with the original budget for fiscal year 1989.

Overall these cost avoidance measures will have only limited impact on our forward defense posture in Europe and Asia.

In the area of strategic and space programs, you will find that the budget preserves options to deploy land-mobile missiles and ensures that we will maintain a space launch capability sufficient to support our basic military requirements. It unfortunately has reduced our investment in some programs which provide important insurance options for the future and which we should be concerned about in the coming years.

With respect to risks, the fiscal year 1989 budget recognized that a coalition strategy has become more, not less, important to the United States, and optimizes U.S. contributions to the collective security of NATO and our allies in Asia. We are not well positioned however, to fill the gaps if, for one reason or another, some of the allies decide to reduce their own defense efforts.

In a fiscally, constrained environment, we also have to borrow somewhat against the future to nourish the deterrent stance we have today. To underscore this point, a smaller structure will help to maintain the quality and readiness of remaining forces, which is extremely important.

But this process, for instance, will not sustain DOD research and development at those levels which are necessary to protect against unforeseen developments, and there are always unforeseen developments.

Additionally, it is important to place this budget in the broader context of what has happened since 1985. Negative growth continued over several years in Defense spending inevitably will lead to dangerously reduced capabilities and force structure. History shows that it can be a very risky business. Four times in this century we have let our defenses sag and we have paid a dangerous price in time, treasure, people and stability.

Before wrapping up my statement, Mr. Chairman, a few words are in order about the DOD Reorganization Act of 1986. As a result of the act, I believe I am much better equipped to advise the President, the National Security Council, and the Secretary of Defense. Further, I am most encouraged with the quality of Joint Staff personnel and progress in the area of resource analyses and net assessments, although we do have some way to go in those areas.

Of immediate concern, however, is Title IV as it pertains to officer personnel management. For reasons outlined in my statement, we will again be proposing to reduce the minimum joint tour length for O-6 officers and below from 3½ to 3 years, and for general and flag officers, from 3 to 2 years. Concurrently, we will be requesting that the transition period for Title IV be extended from October 1, 1988 to October 1, 1989.

In my view, the foregoing changes to Title IV would very definitely be in the best interests of our officer corps and our Armed Forces in general.

To conclude, I would suggest it is clear that investments made in the early 1980's have, from our perspective, improved the global military balance. However, we should understand that the Soviets have not slackened their efforts and that the threat remains an imposing one. The fact that we still have serious gaps in our own posture combined with 10 percent negative growth in security appropriations since 1985 will inevitably push the level of risk higher. If this trend continues, we will be forced not only toward further drawdowns in force structure but also cutbacks in quality which this budget has worked very hard to avoid.

In that event, many of the gains that we have made in the early eighties would unravel, and the risk would escalate precariously.

Shaping a fiscal year 1989 budget constrained to no real growth proved to be a challenge for everyone in the Department of Defense. We are depending heavily on Congress to approve the overall shape and content of this budget. Substantial changes in the fundamentals or even at the margin may very well weaken the entire submission. To some extent we have for this one year finessed the challenges and the costs of preparing for long term military competition with the Soviet Union. But believe me, the race will not go away just because we would prefer to save money.

We are engaged in a security marathon, not a sprint, and it would be folly to conclude otherwise.

Thus, the Joint Chiefs of Staff strongly concur with Secretary Carlucci's conclusion that we should aim for 2 percent real growth in the biennial fiscal year 1990–1991 budget submission.

That concludes my statement.

[The prepared statement of Admiral Crowe follows:]

PREPARED STATEMENT OF ADM. WILLIAM J. CROWE, JR., USN

CHAIRMAN OF THE JOINT CHIEFS OF STAFF

INTRODUCTION

Mr Chairman and members of the Committee: I welcome this opportunity to discuss America's military posture in connection with your hearings on the Fiscal Year 1989 budget.

NATIONAL INTERESTS

To begin, the President's Report on National Security Strategy, emphasizes a number of basic national interests:

- Survival of the United States as a free and independent nation, with its fundamental values intact and its institutions and people secure;
- A healthy and growing U.S. economy to provide opportunity for individual prosperity and a resource base for our national endeavors;
- A stable and secure world, free of major threats to U.S. interests;
- The growth of human freedom, democratic institutions, and free market economies throughout the world, linked by a fair and open international trading sytem; and
- Healthy and vigorous alliance relationships.

A forward-looking and fully-integrated national strategy, of course, must do more than focus on fundamental interests. From time to time, governments must take stock of continuities, changes, and challenges in the world around them.

GLOBAL REVIEW

In the broad sweep, continuities include a Communist Party of the Soviet Union determined to compete head-on with the U.S. for global power and influence; a vast and modern Soviet military apparatus designed for offensive operations; industrial European allies of the United States living under the shadow of Soviet military power; irreversible interdependencies on the global economic front; chronic instabilities in the Third World; and an exponential pace of discoveries in science and technology.

From a U.S. military perspective, the continuities include: a policy which emphasizes the deterrence of war; a network of collective security arrangements buttressed by a forward-deployment posture and access to overseas bases; combined defense planning with allies; and a willingness to pursue effective and verifiable arms reduction agreements.

Changes are most evident in the global balance of economic power--the industrial and financial resurgence of Western Europe, Japan, and other Pacific Rim countries; the momentum of agricultural and industrial development in China and India; an external debt crisis sweeping across Eastern Europe and parts of Latin America; a large national debt looming over the United States; and stifling inefficiencies in the Soviet economy.

Concurrently, every major power is standing on the threshold of nothing less than another industrial revolution--essentially new technologies, materials (superconductive, high temperature, and low observable), manufacturing processes, machine tools, and products which now exist largely on paper. In the long term, our ability to remain at the forefront of this competition will have a major bearing on our national defense potential and our ability to work for peace and stability in the world at large.

The immediate and very difficult challenge is to strike a course which both nourishes our economy and offers a lesser but, under the circumstances reasonable, level of security. This challenge, of course, inspired the Budget Summit Agreement which has shaped this year's budget request. At the same time, it must be recognized that such a decision mortgages our military future to some extent and will ultimately involve increased military risks. I pointed out last year in my opening statement that our military forces have in peacetime historically operated on the margin. This is appropriate for a democracy, but it means that seemingly small reductions in our peacetime capability may result in large increases in risk. It is imperative that the nation understand these facts of life.

SOVIET THREAT

Throughout, the Soviet Union remains the dominant threat to our national security and to a more secure and stable international environment. World power is still the name of the game in the Kremlin, and Communist Party leaders will do what is necessary to play in that game. For instance, the Kremlin remains as firmly committed as ever to a long-term military competition with the West and to the support of so-called "wars of national liberation" in the Third World.

As a reminder of this policy, the USSR over the last two decades has built the world's largest military force (both nuclear and conventional), supported by a huge arms production base and a steady research and development program. Power projection capabilities are increasing at a steady pace not only on and around the Eurasian Continent but also in space. The Free World has accommodated to the Soviet penchant for numbers, but even more worrisome we are now seeing our traditional qualitative edge erode. I won't dwell on specifics since you are thoroughly familiar with the depth and breadth of the Kremlin's impressive military investment.

This is not to say that there are no flaws in the Soviet machine. There are. To cite some of the more prominent, the personnel problems are pervasive. Many units are cadre formations which in war would be filled out by personnel far less competent than today's front-line units. Conscripts serve only two to three years and their training leaves a great deal to be desired. Technical tasks are in the main performed by regular officers and the lack of initiative at lower levels is a prime concern of Soviet leadership. This situation is exacerbated by the lack of a regular core of career NCO's and some persistent ethnic problems. Combine these personnel problems with training deficiencies, logistic distribution problems, unreliability of equipment, poor maintenance, highly centralized command, and we find serious vulnerabilities which plague the Soviet military.

On a more fundamental level, there may be even more important forces at work. General Secretary Gorbachev and his Party colleagues seem to have concluded that the Soviet Union cannot remain a first-rate world power with a second-rate industry. Unquestionably, he wants to reshape the economy; it is not clear whether he will succeed.

On the military front, Gorbachev reportedly has suggested that Soviet General Staff move from a war-winning posture to something called "reasonable sufficiency." We still do not know what that means in terms of military spending or force structure. We do know that the Soviet military and the Russian people have little stomach for unilateral disarmament, and we have yet to see any tangible cutbacks in military spending or production. Thus, if Gorbachev is going to reduce the burden of military expenditures, he must do so in the broader context of his arms control agenda.

Certainly, the successfully negotiated INF Treaty demonstrates the type of opportunities that the arms control dialogue offers. Asymmetrical reductions as achieved in this Treaty can help redress imbalances adverse to the Free World. But no arms agreement can prevent the Soviets from shifting resources from one military pocket to another. Whatever the arrangements, the Soviets will modernize and readjust their forces to get the most out of their investment. At least for the foreseeable future the West must do likewise. It would be misleading at this juncture to view INF and ultimately START as money-saving exercises.

Looking ahead, it may be possible to develop a more sustainable relationship with the Soviet Union. Much depends, however, upon U.S. and allied resolve to render Soviet military power less coercive and less dangerous over the long haul. As Secretary Shultz recently observed, we must be prepared to deal with the best--and the worst--of Soviet behavior.

As we move into the future, the President's Bipartisan Commission on Integrated Long-Term Strategy also has offered some sound advice on how to deal with the Soviet threat:

- We must maintain a mix of survivable strategic offensive arms and command and control capabilities that can, in all circumstances, respond to and thus deter a massive nuclear attack intended to eliminate our nuclear forces and other targets.

- To help defend our allies and to defend our interests abroad, we cannot rely on threats expected to provoke our own annihilation if carried out. In peacetime, a strategy based on such threats would undermine support for national defense. In a crisis, reliance on such threats could fail catastrophically for lack of public support.

NET ASSESSMENT

Last year I summarized my own net assessment of U.S. allied military capabilities. This year, as a result of the Goldwater-Nichols Act, the Joint Staff has completed its first in-depth net assessment. I should stress that it will be several years before this process is refined and yields the comprehensive results we are seeking. Nonetheless, I have drawn heavily on this joint effort for my capsulized assessment this year.

SOVIET ARMS PRODUCTION

Overall, industrial potential clearly favors the U.S. and its allies as compared with the Warsaw Pact. Today, for example, our gross national product is nearly twice that of the Soviet Union. Similarly, NATO as a whole continues to outpace the Warsaw Pact by a factor of 2 to 1 (and this ignores Japan's GNP, now on a par with the USSR).

The Kremlin, however, continues to stress armaments at the expense of all other sectors of the economy. As a result, one of the more dismal aspects about the East-West military balance is the sheer amount of combat equipment rolling off of Soviet assembly lines (e.g., some 6,000 tanks and other armored vehicles, 2300 artillery pieces, 650 fighter/bombers, 500 helicopters, and 8 submarines annually). The Soviets can mass produce and replace military equipment on a scale very difficult for the U.S. and its industrial allies to match. Moreover, each new generation of Soviet weaponry is more capable and more sophisticated than the last.

As indicated earlier, however, there is an internal downside to heavy Soviet military production. Concurrently, the Soviet Union is struggling to overcome weaknesses endemic to its state-run system: the difficulties of running a "command" economy with no measure of profit and loss, depletion of its European mineral base, challenges of developing alternative resources in Siberia, lack of discipline among workers, management shortcomings revealed in the Chernobyl disaster, and a host of problems keeping political and economic relations with Eastern Europe on an even keel. Their intense arms efforts exacerbate these problems and at a minimum impede their correction. This fact alone may be behind some of the initiatives we are seeing in the arms control arena.

In essence, it is far from clear that the Soviets will be able to continue their present practices, achieve their long-term industrial goals, and outfit their entire military force with front-line equipment now coming off their assembly lines--or that they will be able to do so without trimming back on force structure. Suffice it to say, this remains a major uncertainty for them and for us.

STRATEGIC NUCLEAR FORCES

With respect to the strategic balance, we worried ten years ago about slipping to a position of strategic inferiority. Today, our primary concern is to maintain strategic parity with the Soviet Union. In and of itself, that's a major challenge because the Kremlin continues to finance a robust and forward-looking program to improve both strategic offensive and defensive forces.

Overall, the USSR continues to maintain superiority in ICBMs and overall megatonnage. They are steadily improving ICBM survivability with both hardened silos and mobile launchers. With extensive land, roadways, and railways under constant state control, ICBM mobility is an area where they can strive for a competitive advantage over the United States. Our PEACEKEEPER missiles, however, still confront them with a formidible hard-target kill capability--which can be made rail-mobile, if we so choose.

With respect to ballistic missile submarines, the Soviets continue to find themselves at a disadvantage. They remain behind us in missile-launching capability, and they continue to worry about our superior ASW capabilities. As a consequence, the Russian Navy is deploying the bulk of its SSBNs near home waters where its own ASW forces can offer more protection and where permanent and marginal ice zones can complicate ASW operations.

The main difference, of course, is the stealth, endurance, and firepower of our nuclear attack submarines. We can, if we choose to do so, hold Soviet SSBNs at risk. In contrast, the Soviet Navy has never developed an open ocean ASW capability sufficient to challenge our POSEIDON and TRIDENT class SSBNs. Put simply, our ballistic missile submarine forces is less vulnerable than the Soviets.

Moreover, we have a more effective bomber force still capable of penetrating the USSR. The President's strategic modernization program if fully implemented--MX, D-5, B-1, ATB, and C3 initiatives--will prepare us for the long-haul, keep pace with Soviet improvements offensively, and correct our more-glaring deficiencies.

On the other hand, Moscow continues to outpace us in the construction and fielding of strategic defensive systems: hardened command posts, the Moscow-centered ABM system, an (illegal) phased-array radar extraneous to the Moscow system, a robust capability to replace satellites, and the world's only operational anti-satellite weapons systems.

With all of this, however, the Kremlin seems genuinely concerned about our Strategic Defense Initiative. It's not what we have today but what we might have tomorrow that concerns them most. In my view, we would be wise to nourish that concern.

Thus, all things considered, I am relatively confident that strategic forces and programs which are being proposed will continue to deter a direct nuclear attack on the U.S. and our allies. But I must reemphasize, for that judgment to continue to be solid, it is imperative to stay the course with our strategic modernization programs.

MARITIME DEFENSE

On the maritime front, the Soviets operate the largest Navy in the world, tailored primarily for wartime sea denial missions, i.e., about 2000 kilometers out from the Soviet homeland. At the outer edge of this zone, they are depending primarily on their nuclear attack submarines and their long range maritime strike aircraft (BACKFIRES). Additionally, we can expect some of these submarines to deploy further afield for anti-SLOC, anti-SSBN, or anti-carrier operations.

A significant challenge on the high seas is growing out of the Soviets' success in:

- Deploying very advanced anti-ship missiles which are constantly improving;
- Adding to their over-the-horizon targeting capability by exploiting space;
- Improving submarine propulsion (speed and quietness) and metallurgy (depth); and
- Increasing ASW capabilities.

Throughout the immediate postwar period, the U.S. enjoyed undisputed mastery of the seas, but the Kremlin was not easily discouraged. By the late 1970's, the Russian Navy had made tremendous inroads into our margin of superiority and the trends were even more alarming. We have now reversed these curves--particularly in overall shipbuilding--but the Soviets are on the high seas to stay.

With a less than 600 ship Navy, we are hard-pressed to challenge Soviet sea denial zones and maintain essential communications lines to allies in Europe and Asia. Clearly, the key to success lies in the full integration of capabilities resident in our carrier battle groups, nuclear attack submarines, maritime patrol aircraft, surface action groups and replenishment units--plus strong support from the allies in terms of choke point control, land based tactical aircraft, and naval escorts. When all of these forces are brought into play, the odds are high that the U.S. and its allies can gain control of the vital sea areas quickly and that the U.S. can proceed with the necessary reinforcement and resupply of forward-deployed forces.

In essence, we cannot afford to relinquish naval superiority to the Soviets. To do so would jeopardize our coalitions, economic and trade dependencies (which are now necessary in war as well as peace), and capabilities to project our power overseas. Our ability to prevail at sea is a cornerstone of our overall strategy.

STRATEGIC MOBILITY

Today, the Soviet Union is our only real competitor in the business of strategic mobility and, it is likely to remain so for the indefinite future.

Where they can achieve direct, short-haul access, as on the flanks of NATO and parts of Southwest Asia, the Soviets maintain a strategic mobility advantage over the U.S. Yet, that is where we may very well be taxed to move ground and air reinforcments rapidly in support of U.S. and allied security interests. Our aim, of course, is to meet this challenge with a robust mix of strategic airlift (C-5, C-141, and C-17), supported by the Civil Reserve Air Fleet.

Outside the Warsaw Pact area (including Soviet territory) and Afghanistan, the USSR has never staged a large-scale strategic mobility exercise, i.e, involving the movement of thousands of troops and supporting combat equipment by airlift and sealift over long distances. Even if they could muster the necessary airlift, it is far from clear that they could achieve the precise coordination and timing necessary to carry out an operation of this kind smoothly and quickly.

In contrast, our Transportation Command has years of global mobility experience as a result of its day-to-day logistics support of our forward deployed forces and its participation in our worldwide exercise schedule--plus an established routine of working with other nations to acquire the necessary staging rights. Thus, in terms of both assets and experience, I am convinced that Soviet lift capability is outmatched.

One area of concern is a general decline in the number of merchant ships suitable and available for the defense of NATO Europe, e.g., capable of lifting heavy equipment, military supplies and troops. In the meantime, many of the allies are shifting flags or crews to other nationalities.

On balance, though, we have made impressive strides with our strategic mobility forces. Given the world we live in and the nature of our commitments, we must continue to do so. The main question in using such forces is whether we will move soon enough in a crisis to take full advantage of the edge our capabilities give us.

SPECIAL OPERATIONS FORCES

It is very difficult to compare Soviet "SPETSNAZ" directly with Special Operations Forces (SOF) of the United States. Moreover, the Soviets have been rather cautious about employing their own SPETSNAZ against U.S. interests. It is much easier for Moscow to funnel support for subversion and terrorism through surrogates in Eastern Europe, the Middle East, Africa, and Latin America--and then deny responsibility for the whole business. When circumstances dictate, however, the Kremlin finds SPETSNAZ forces well suited for military purposes, for instance in Czechoslovakia and Afghanistan.

In the meantime, we are continuing to train and equip Special Operations forces for global missions. Some of these tasks will be in direct support of Commanders of Unified Commands. Others of a time-urgent or politically-charged nature will be controlled from Washington.

The SOCOM headquarters is well established and now making its influence felt throughout the special operations community. General Lindsay has established a close working relationship with all of the unified commands and has launched an ambitious program of exercises to test the quality of his training and SPECOPS planning.

In Secretary Carlucci's Annual Report to Congress, you will find a full treatment of efforts to enhance SOF preparedness. Suffice it to say, the force is receiving a great deal of top level attention while continuing to demonstrate its unique value in both low intensity conflict and conventional conflict.

WESTERN HEMISPHERE

Turning to regional assessments, security of the United States--and approaches thereto--ranks number one in our national security priorities. In the neighboring Caribbean Basin, U.S. goals have remained remarkably constant over time: i.e., promote democracy and free market forces, develop local economies, and eliminate widespread poverty. Yet, no one can be comfortable with what has happened in that region since the end of World War II.

Granted, we find a number of friendly governments achieving or moving toward pluralism. But we also see a heavily-armed Cuba and Nicaragua constantly working to derail free and democratic processes in the region--joined at times by groups engaged in the illegal distribution of drugs. Overall, the military balance in Central America is patently adverse for the smaller democracies--and it is likely to remain so for the foreseeable future.

Given commitments in other parts of the world, the U.S. relies heavily on military assistance programs to shore up peace and stability on its southern flank. In and of itself, those programs can make a crucial difference to people reaching not only for social progress, but also a modicum of national security and personal safety.

In a practical sense, this program serves to enhance regional intelligence networks, extend the in-country reach of local armed forces, improve the effectiveness of these forces through training and exercises, and encourage the growth of sub-regional collective security arrangements. Further, virtually every dollar funded for Central American military assistance programs (equipment and training) remains in the United States--thus serving to boost both our security and our economy.

To be frank, I am concerned about the military situation on our southern flank. Termination of military aid to the Contras is going to leave the Sandinistas of Nicaragua with a much freer hand to pursue their own political agenda and, in my view, work against pluralism in the country and peace in the region as a whole. Concurrently, Congress has severely constrained the U.S. military assistance program by reducing funds for the program as a whole and skewing priorities to other parts of the world. Overall, these decisions are bound to raise the level of risks in the region not only for America but also for people who look to us for security support. It is not a healthy situation.

NATO/WARSAW PACT

Ever since formation of the North Atlantic Alliance, the pace and effort required by NATO to maintain a credible deterrent and viable defense have been driven by a steady expansion of Soviet capabilities.

Moscow has always emphasized numbers, ground forces, and frequent modernization of weapons systems. With the passing of time Warsaw Pact superiority in conventional units and weapons steadily grew and today it leads NATO in virtually every category by ratios of 1.5 to 6 to 1. Moreover, our initial qualitative edges in some ground systems have eroded--for example in anti-armor missiles, surface-to-air missiles and artillery. This progress has been matched by the creation of an impressive Soviet air-order-of-battle as well--again outstripping NATO numbers.

The most dramatic changes, however, have taken place in the Soviet nuclear stance. Moscow first gained strategic parity with the U.S. and then proceeded to surpass Washington's lead in theater and battlefield nuclear systems. These developments were complemented by the deployment of a significant chemical capability.

From the outset, it became clear that the U.S. and its allies could not match Warsaw Pact numerical advantages in forces and weapons systems. Instead, the coalition reacted by adopting a "defensive" philosophy which aimed to keep the Soviet level of "uncertainty" high enough that the Kremlin could not have the desired confidence of achieving its objectives. At first, the U.S. nuclear advantage buttressed such a doctrine. But as increasing numbers of Soviet nuclear weapons appeared, the Alliance turned to a "flexible response" strategy with emphasis on quality forces and sophisticated weaponry across the spectrum from conventional, to theater nuclear weapons, to strategic forces.

As a consequence of these policies, conventional force modernization has for two decades been a significant theme in the NATO defense planning process. In the 1970's, for example, much of the groundwork was laid for a new generation of tanks and fighting vehicles, tactical aircraft, anti-tank missiles, and smart munitions, coupled with greater standardization and interoperability and better integration of combined arms. The U.S. has been in the forefront of this effort--particularly over the last 8 or 9 years. As a result, our forces in Europe have steadily improved in infrastructure, equipment, sustainability, personnel, and night-fighting capability. In general, Soviet military power today is less coercive and less dangerous than it might have been.

The NATO qualitative edge in tactical aviation while somewhat diminished has not disappeared. It is not clear, however, what this will mean against the numerical advantages of the Soviet air forces (offensive and defensive) which run in the neighborhood of 2:1. I have complete confidence that the quality of our pilots and weapon systems would permit us to exact high exchange ratios but overcoming the impressive numbers of Russian medium-range bombers, fighter bombers, interceptors, and surface-to-air weapon systems will be a sporty course. The outcome is difficult to predict.

We will, of course, have the support of our naval forces in Europe and, as indicated earlier, the Soviets have yet to surpass our lead.

Time and space doesn't permit me to detail all of the factors that our warfighting analyses take into account. I can assure you these assessments go behind the numbers and attempt to evaluate a wide variety of inputs including Soviet personnel weaknesses, Moscow's reliance on satellite troops, logistics demands, intangibles such as morale, etc. The bottom line is that NATO capabilities are still deterring in Europe. Surely the prospect of having to fight 16 nations at once remains a sobering one for the Kremlin. But, put candidly, the level of deterrence remains too low. The Chiefs have for a number of years consistently testified to that effect.

If for some reason war breaks out, maintaining a successful forward defense will be questionable. Our analysis argues strongly that Soviet conventional ground forces will be extremely difficult to contain. Especially worrisome is a pronounced Soviet advantage in chemical warfare capabilities. Even if they could be defeated--and this is highly controversial--it would be at a high cost in lives, treasure, territory, and time.

It is imperative for the Alliance to preserve the gains made in the 1980s and move forward with programs which will promote a high degree of uncertainty in the minds of Kremlin planners. In this regard, the INF Treaty will exact a favorable exchange ratio in theater nuclear weapons. That Treaty stands on its own merits and should be ratified. It will not, however, correct the deficiencies I refer to. The level of risk is too high today and, unless some other counter-actions are taken, it will still be too high after the INF Treaty is implemented.

The fundamental challenge is to disrupt the Soviet timetable for overrunning NATO territory. As indicated during my testimony on the INF Treaty, that thought is at the center of DOD's work on long-term competitive strategies. The proposed solution would enhance and supplement the cutting edge of NATO's existing forces with terrain barriers, a new generation of highly-accurate stand-off missiles, and improved battlefield and rear area surveillance systems.

Concurrently, it is essential for the NATO members to correct other deficiencies identified in the study of Conventional Defense Improvements and, in keeping with the Montebello decisions, move forward with the modernization of theater nuclear forces allowed by the INF Treaty.

SOUTHWEST ASIA

In the Southwest Asia region, the military situation remains highly dynamic and uncertain. We still do not know what will come out of the eight-year war between Iraq and Iran and, standing on the sidelines, are 32 Soviet divisions facing Turkey and Iran, plus 115,000 Soviet troops still occupying Afghanistan.

Within the Persian Gulf itself, Iran has long-term advantages over the other Gulf states as a result of a large population, diverse resources (not limited to oil), a long coastline, and a network of air and naval bases. As we have seen in the Iraq-Iran war, the radical Islamic fundamentalist regime is exploiting these strengths. If the Iranian regime was ever to conclude the current hostilities on favorable terms and move toward internal stability, it could easily become a genuine threat to its Gulf neighbors.

The United States interests revolve around petroleum and maintaining its traditionally close relationships with the western-oriented oil bearing states in the Gulf. Those nations will be important players in the Free World economy for the foreseeable future and U.S. influence in the region is vital to our long-term economic health. It is these very considerations which inspired today's operations in the Persian Gulf.

Our current deployments in the region have demonstrated that we have sufficiently mobile naval and air strength to deal with the most likely contingencies in that part of the world and to protect our interests where only Gulf states are involved.

In the unlikely event of a Soviet thrust to the Gulf oil facilities, this would precipitate an international crisis of the first order and in my view involve not only the entire Free World but quickly raise the level of risk in the other areas where we have even more basic interests. The response would of necessity have to be a multilateral one.

PACIFIC DEFENSE

My assessment of the Pacific region has changed little since last year. Until the late 1960's, Moscow paid little attention to the defense of its eastern provinces and its strength in the Western Pacific. With the PRC's breakaway from the Soviet orbit and the burgeoning affluence of East Asia, the Kremlin began to build up its forces in the region, not by drawing down in Western Europe, but by commissioning new units and increasing defense production to equip and support them.

Overall, the balance on the Chinese border favors the Russians in every way except manpower, and as yet the Chinese have been unable to turn things around--preferring to put their current priorities elsewhere. The one exception is Chinese nuclear capability which provides "minimal deterrence" of a sort.

Nevertheless, China looms large in the Kremlin's calculations--witness the gradual buildup from 20 to 50 Soviet divisions on the Chinese border.

On the Korean Peninsula, Pyongyang has made a determined effort to outstrip the South's forces. However, as long as North Korea is not directly assisted by the Soviet Union, United States augmentation--especially our air and naval power--should make the difference in deterring or, if necessary, defeating the North. The fact remains, however, the Peninsula is an unstable focal point with a threat of war always lingering on the horizon.

In turn, the defense of Japan and the Republic of Korea and the wartime stance of China depend heavily upon the military role and posture of U.S. forces in the Western Pacific. We have significant leverage against Soviet naval and air forces in the region which both reduces the threat to our sea lines of communication and constrains the Kremlin's ability to accomplish its strategic goals in the Far East.

What happens in the East Asia and Pacific region also has major implications for NATO, in that a faltering defense by the U.S., Japan, or China could enable the Soviets to divert substantial air and ground forces to the European theater.

Generally, political relationships in this region work in our favor. It is clear that PRC forces tie down substantial Soviet ground and air deployments in the region and that Beijing puts considerable stock in U.S. power deployed in the region. In a similar vein, Japan is a pillar of U.S. strategy in the Pacific. Without Japanese cooperation, it would be difficult to bottle up the Russian fleet, augment South Korea, and find sufficient bases to support continuing operations against the Soviets. Likewise, the health of the U.S.-Philippine relationship, politically and militarily, impacts heavily on the regional balance. Obviously, the firmness of U.S. alliances will rest to a great degree on our ability to successfully confront the Soviets in the region and, in the event of war, to keep open our sea lines of communication to the Western Pacific.

Today, I judge the posture of U.S. and allied forces in the Pacific sufficient to deter the Soviets from a major attack in that theater and, if deterrence fails, prevent them from achieving their military objectives. The Republic of Korea--with Washington's support--is similarly equipped to deal effectively with any threat from the North that does not involve either the USSR or PRC. I am inclined to believe that any U.S.-Soviet confrontation in the Pacific would take its lead from Western Europe or elsewhere.

Looking ahead, however, long term deterrence in the Pacific will depend heavily on a general upgrade of regional air defenses, (from Alaska through the Korean Peninsula), the introduction of long range interceptors and attack aircraft, and C3I which can optimize employment of U.S. and allied tactical air forces.

SUMMARY

In summary, it is clear that the investments made in the last few years have materially improved the foregoing net assessment from the U.S. standpoint. It is equally obvious that the picture is a dynamic one, that the Soviets are working diligently to improve their position across the board, and that there are still a number of serious gaps in our own posture. On balance, we need a number of years' growth before we can face the future with confidence.

FY1989 DEFENSE BUDGET

Now to the defense budget. In real terms after inflation, Congressional appropriations peaked at $286 billion in FY1985 and then declined by 10% through FY1988. In keeping with the Budget Summit Agreement of last November, the President is requesting $299.5 billion in FY1989.

The Chiefs and, to an unprecedented degree, the CINC's participated in the formulation of the budget and, while it is by no means risk-free, they are satisfied that, on balance, appropriate compromises and trade-offs have been struck at the resource level which has been set by the Budget Summit.

It should be noted that this budget has been carefully and tightly constructed to fit within a firm pre-set commitment and that there is a careful interlocking of the constituent elements. It is imperative that the topline figure be honored and that the structure of the submission be kept basically intact. The budget elects a slightly smaller force in order to protect quality throughout and strives to protect our ability to fulfill alliance commitments.

Its main priorities, as set forth by Secretary Carlucci, are people, readiness, and efficient acquisition. The budget is faithful to those goals. Secretary Carlucci's statement has addressed each of these areas in detail. Consequently, I will only mention some of the more significant items.

BUDGET CONTENT

The most precious assets the Services have are people--trained and skilled people. In times of stringency they become even more important, because we traditionally depend on our personnel to compensate for drawdowns. You will note that, throughout, the proposed budget protects quality-of-life items, military training facilities, combat exercises, and readiness items (e.g. flight and steaming hours)--all of which directly affect morale and retention curves.

By any common sense measure, today's armed forces are sound and motivated. In fact, everyday performance, spirit and training are the best I have witnessed in over forty years of service. If necessary, we can drawdown force structure but the Chiefs are determined not to let the "quality" of the remaining units deteriorate. Never again do we want to return to the hollow forces of the 1970's.

With respect to military capabilities, this budget protects those which only the U.S. can provide for itself and for allies who depend upon us, i.e., a secure nuclear deterrent; maritime superiority (especially ASW capability); strategic mobility for U.S. ground, air, and naval forces; unique skills and equipment required by special operations forces; and associated command, control, and communications capabilities.

Additionally, the FY1989 budget was structured to:

- Provide a 4.3 percent pay raise for our military personnel effective 1 January 1989;

- Maintain our defense industrial base at efficient levels of production for essential systems, while continuing to build-up stocks of force-multiplier munitions;

- Sustain spare parts and low-technology munitions backing U.S. formations at about current levels. We will not be surging substantially ahead of allies in Europe and Asia;

- Support a 2.4 percent real growth over FY1988 in operations and maintenance, keyed to operational tempo improvements and increased depot maintenance efforts;

- Keep pace with mission essential and quality-of-life military construction projects; and

- Procure hardware and continue R&D programs supportive of NATO conventional and theater-nuclear force improvements, i.e. endorsed by the Montebello agreement and permitted under the INF Treaty.

In order to protect these capabilities, we were forced to cut back in a number of ways.

Conventional Forces

With respect to conventional force structure, virtually all of the reductions will occur in our CONUS-based strategic reserve. We were led to this decision by two factors. First, it is the sense of Congress that we should try to maintain permanently-stationed forces in Europe at current levels. Second, Secretary Carlucci directed that the Services consider a smaller higher quality force. Most of the units with obsolete and hard-to-maintain equipment are located in the United States, not in Western Europe or Northeast Asia.

As a result, the U.S. strategic reserve will be reduced by:

- Some 34,100 active duty military personnel, 17,000 reserves, and 22,600 civilian personnel;

- The equivalent of 3 Air Force Tactical Fighter Wings by 1991;

- An Army infantry brigade plus two infantry battalions and 450 older helicopters; and

- Sixteen Navy frigates and 1 carrier air wing.

Additionally, the procurement of conventional military equipment has been cut back by 16% compared with the original budget for FY1989. I will not dwell on the specific program adjustments since they are covered succinctly in Secretary Carlucci's statement.

Overall, these cost-avoidance measures will have only limited impact on our forward defense posture in Europe and Asia. The industrial allies must understand, however, that our strategic reserve of conventional forces is going down not up and, in turn, become less dependent upon that reserve in their own defense planning.

Strategic and Space Programs

With respect to strategic and space programs, you will find that:

- Procurement of the PEACEKEEPER ICBM has been reduced from 21 to 12 missiles, while funds have been earmarked for development of a rail-mobile version;

- The Small-ICBM is maintained as a research and development program as opposed to accelerated deployment;

- Planned funding for the Strategic Defense Initiative has been cut by 28%;

- A high priority was placed on sufficient expendable launch vehicles (TITAN IV) to support satellite deployment requirements; and

- The ASAT program has been terminated.

On balance, the budget preserves options to deploy land-mobile missiles and ensures that we will maintain a space-launch capability sufficient to support our peacetime military requirements. It stretches out or terminates, however, programs which could provide a better balance between strategic offensive and defensive capabilities and provide important insurance options for the future.

RISK ASSESSMENT

With respect to risks, the FY1989 budget recognizes that a coalition strategy has become more--not less--important to the United States. Similarly, it was structured to preserve and optimize U.S. contributions to the collective security of NATO Europe and our allies in Asia. We are not well positioned, however, to fill the gaps if, for one reason or another, some of the allies decide to reduce defense spending levels, shed defense commitments, or trim back on conventional force improvements.

In a fiscally-constrained environment, we also had to borrow somewhat against the future to nourish the deterrent stance we have today. To underscore this point, a smaller structure will help to maintain the quality and readiness of remaining forces. But this process will not provide the incremental resources necessary to sustain DOD research and development programs at current amounts and at those levels which are necessary to protect against unforeseen developments.

Additionally, it is important to understand that this may be only the beginning of greater risks in the defense planning and programming process. As others have observed, several years of negative growth in defense spending inevitably will lead to dangerously reduced capabilities and force structure. We should learn from our history. Four times in the last 100 years we cut back precipitously in peacetime and then entered major conflict dangerously unprepared. In each instance we paid a needlessly high cost in treasure, lives, and stability.

Of particular concern is the impact of cost-avoidance measures on our people. We are not cutting back on commitments. Yet we are asking our military personnel to take up the slack resulting from modest but nonetheless real cuts in force structure. Congress can do a great deal to ease this transition by ensuring that our military personnel remain confident in laws governing military compensation, including the benefits of active duty and the integrity of our military retirement system.

DOD REORGANIZATION ACT OF 1986

Before wrapping up my statement, Mr. Chairman, a few words are in order about the DOD Reorganization Act of 1986.

As a result of the Act, I am much better positioned to solicit, integrate, and weigh views of the Joint Chiefs of Staff, Commanders of the Unified and Specified Commands, and Directors of the Defense Agencies--and to guide work of the Joint Staff. Further, I am most encouraged with the quality of personnel assigned to the Joint Staff and the support I am receiving on some very complex and thorny political, military, and operational issues. Concurrently, real progress has been made in the area of resource analyses and net assessments. Overall, we are steadily improving our ability to integrate defense resources and warfighting capabilities.

Additionally, we are striving to achieve excellence in joint professional military education at the National Defense University and at Service Colleges. As the academic and accrediting process evolves, I am confident that we will do so.

Of immediate concern is Title IV as it pertains to officer personnel management. It is becoming increasingly clear that joint tour lengths mandated by Title IV will work against the balanced officer experience we seek and need in joint command and staff billets. Too little operational experience can be just as bad as too little joint experience. Thus, we will again be proposing to reduce the minimum joint tour length for 0-6 officers and below from 3 1/2 to 3 years and for general/flag officers from 3 to 2 years. I cannot overemphasize the importance of this request, if we are to maintain healthy personnel structures in the four services.

Additionally, we are bumping against very compressed time lines in the preparation and assignment of officers to some 4500 important billets requiring joint specialty officers or nominees for the specialty. As the situation now stands, we face a surge of shorter than planned tours in non-joint positions, an adverse rippling effect throughout our officer manpower structure, and higher personnel relocation costs in a fiscally-constrained environment. Thus, we will be proposing that the transition period for Title IV be extended from 1 October 1988 to 1 October 1989.

The foregoing changes to Title IV would be in the best interests of officers seeking to become joint duty specialists, of our combatant commands, and of our armed forces in general.

CONCLUSIONS

To conclude, the global military balance has not changed appreciably since my testimony last year. Over the course of 1987, however, the Joint Staff moved forward to develop and actually utilize new assessment capabilities mandated by the Goldwater-Nichols Act. Much of that work is reflected in a classified report this Committee received last Fall and in my statement today.

Net assessments do not provide all of the answers about U.S. and allied warfighting capabilities versus the Soviet Union and its allies. More often than not, intangibles on both sides are very difficult to measure with certainty and objectivity. For that reason alone, different net assessments often reach different conclusions with respect to the balance today and what we and our allies must do to improve that balance. Nonetheless, I am confident that with time we will improve the process not only in evaluating hardware but also tactics and investment strategies.

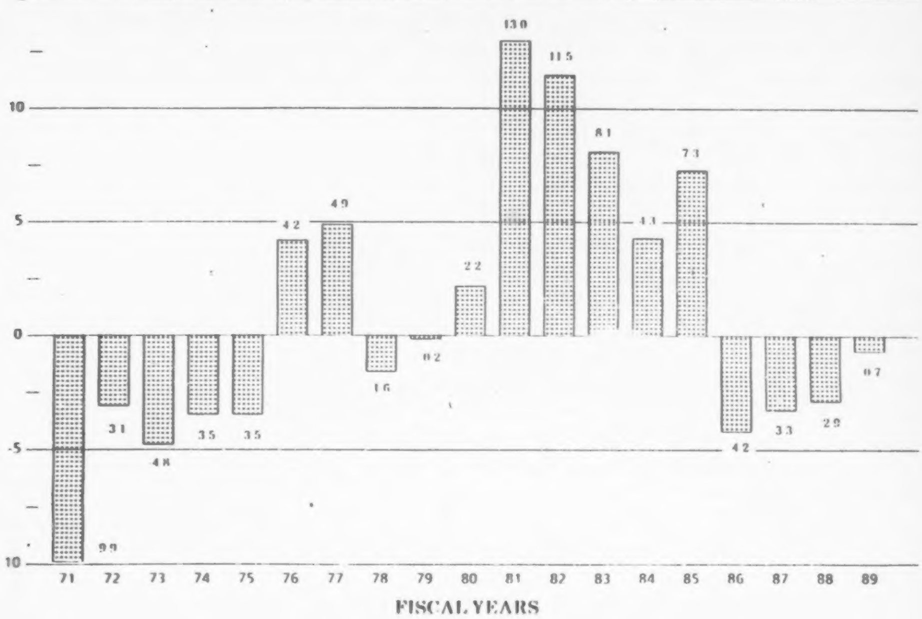
Shaping a FY1989 budget constrained to no real growth proved to be a challenge for everyone in the Department of Defense. In my view, we can do this for one or two years but not as a long-term proposition. Moreover, we are depending heavily on Congress to approve the overall shape and content of this budget. Substantial changes in the fundamentals or even at the margin may very well increase risks we have tried hard to avoid.

To some extent, we have finessed the challenges and the cost of preparing for long-term military competition with the Soviet Union; but believe me the race will not go away just because we would prefer to save money. We are engaged in a security marathon and it would be folly to conclude otherwise. Thus, the Joint Chiefs of Staff strongly concur with Secretary Carlucci's conclusion that we should aim for 2% real growth in the biennial FY1990-91 budget submission.

Chairman NUNN. Thank you very much, Admiral.

Mr. Secretary.

Secretary CARLUCCI. Reflecting on your comment about the 2-year budget, Mr. Chairman, I would like to put up one chart which shows what has happened to the Defense budget over a period of years. I think that chart makes very graphically the point you made when you referred to your budget.



REAL GROWTH IN DEFENSE BUDGET AUTHORITY

It is virtually impossible to manage a national security program sensibly when you have those kinds of ups and downs in the budget.

Chairman NUNN. Why not explain that a little bit and just show us, because it is sort of hard to read the numbers from here.

Secretary CARLUCCI. It goes back to 1971 and portrays the real growth in defense budget authority. In 1971, you had minus 9.9 percent, and you went to minus 3.1, minus 4.8, 2 years of steady minuses, 3.5. Then you bounced up in 1976 to 4.2 and 4.9, back down to minus 1.6, up a little bit to minus 0.2.

Then we had the increases in the first Reagan administration that you referred to, which total up to approximately 50 percent, followed by the precipitous decline of the Defense budget in 1986, and the cumulative impact over those years is the 10 percent that you referred to when you talked about the real erosion in the Defense budget in the last 4 years.

So I think it illustrates the point that you have made, particularly when you consider that in many, if not most, of those years the budget is arriving on the desk of the Secretary of Defense well into the fiscal year, which makes any kind of planning virtually hopeless.

Chairman NUNN. Thank you, Mr. Secretary.

Getting right to the point on the budget, the number you are submitting is $299.5 in budget authority; is that correct?

Secretary CARLUCCI. That is correct, Mr. Chairman.

Chairman NUNN. Then the outlay, the actual expenditure, will be $294; is that correct?

Secretary CARLUCCI. Yes, sir.

Chairman NUNN. It is my understanding of your testimony is that is your understanding of the summit agreement between the President and the Congress last year.

Secretary CARLUCCI. That is correct, sir.

Chairman NUNN. That $299 budget authority, $294 outlay is both a ceiling and a floor; is that correct?

Secretary CARLUCCI. Absolutely, sir. That is quite correct, Mr. Chairman, and this point was emphasized in the closing days and closing hours of the budget summit. I was there with the President, and he would not sign it until it was clearly agreed that it was a floor as well as a ceiling.

Chairman NUNN. So the President, for his part, has agreed not to ask for more than that this year?

Secretary CARLUCCI. That is correct.

Chairman NUNN. The leadership of the Congress and, implicitly, the Congress has said that they will not appropriate or authorize less; is that correct?

Secretary CARLUCCI. That is correct.

Chairman NUNN. Is it your understanding that this is a binding commitment on the Congress in terms of both the authorization and the appropriation?

Secretary CARLUCCI. That is my understanding, Mr. Chairman. I participated in some of those meetings, and that was implicit throughout.

Chairman NUNN. Is there any agreement beyond the first year, beyond 1989?

Secretary CARLUCCI. The agreement was for 2 years. It was for 1988 and 1989, but there is no agreement in the out years.

Chairman NUNN. In other words, when you submit your next 2-year budget submission, you have indicated that you are going to ask for a 2-percent real growth for the next 2 years?

Secretary CARLUCCI. That is right, but there is nothing in the budget summit that would constrain us from doing that.

Chairman NUNN. Nothing in the budget summit that would keep you from doing that. Another way of saying that is there is nothing in the budget summit that binds the Congress to appropriate or authorize a 2-percent growth in the next 2 years that you will submit?

Secretary CARLUCCI. No, sir.

Chairman NUNN. So there is no agreement beyond this fiscal year?

Secretary CARLUCCI. No agreement beyond fiscal year 1989.

Chairman NUNN. Thank you.

FIVE-YEAR PLAN

Mr. Secretary, when you complete the 5-year defense plan, as I understand it, it will contain about $200 billion less than last year's 5-year plan; is that right?

Secretary CARLUCCI. Actually, I think the figure would probably be closer to $300 billion.

Chairman NUNN. I was going to add to that last year I believe the testimony from the Department of Defense, your predecessor, was that the 5-year defense plan last year was $83 billion beyond what the President himself had approved.

So I would add that $200 to the $83, and you are getting close to $300 billion that has to be cut out one way or the other.

Secretary CARLUCCI. That is correct, sir.

Chairman NUNN. Have you completed that 5-year defense plan at this stage?

Secretary CARLUCCI. No, we have not. We have had, as you are aware, only about 8 weeks to revise the current budget. As I indicated, we have funded the programs that are in this budget in the out years, but in order to do the entire job for the 5 years we have to go through the POM process.

Chairman NUNN. Would you spell that out for us?

Secretary CARLUCCI. The program submissions from the services have to come in and be reviewed: the services submissions will come in on April 4. We will then be in a position to develop a 5-year perspective.

Chairman NUNN. Would it be fair to say that you have made the cuts as specified by the President at the summit in this year's budget, but you have not yet made those cuts for the out years?

Secretary CARLUCCI. That is correct.

Chairman NUNN. You have not allocated those cuts yet?

Secretary CARLUCCI. No. We have given the services the top line, and they are working with that top line right now.

Chairman NUNN. So the programs we see falling out of this year's budget, the number that you have cancelled, the numbers that you have held up for a period of time, the personnel cuts and all of that, that is just a 1-year situation. That is not going to take care of the whole 5-year cut package?

Secretary CARLUCCI. No, sir, it will not. There will be other programs that will probably have to fall out.

Do not forget that the small numbers that we have in here against force structure cuts turn into very big numbers in the out years.

Chairman NUNN. How much does this wedge that is cut this year grow in the out years? Do you have any idea how much you have done in terms of this year's cuts as implied in the 5-year plan?

Secretary CARLUCCI. I would have to turn to my budget expert for that. I do not know that we can—no, we cannot answer that question with any certainty at this point in time, Mr. Chairman.

Chairman NUNN. When will you have that? Will that be sometime later in the spring?

Secretary CARLUCCI. Yes. It will be in April when we have received the program submissions from the services.

Chairman NUNN. Admiral, on page 3 of your statement, we appreciate your beginning this process of net assessment. That is something this committee has wanted for a long time.

INF AND START SAVINGS

You mention on page 3 that, "It would be misleading at this juncture to view INF and ultimately START as moneysaving exercises."

Now, that is going to surprise a lot of people. I do not think it surprises any of us who have dealt with these issues for a number of years, but most people have the view that arms control is going to save money.

Could you explain why you make the statement that INF or even a START agreement will not save money?

Admiral CROWE. First of all, Mr. Chairman, I understand what you are saying, because as I go around the country to speak and visit with people, I get a distinct impression that many people look upon it as primarily a moneysaving exercise.

The reason I include it in the statement is I think it is incumbent upon the leadership of this country to disabuse that view.

To begin with, just on a modest treaty like the INF Treaty, there will be costs involved with verification, and there will be costs involved with destruction. There will be even more, though, involved. As you change the circumstances of your defense posture, you must likewise rearrange the furniture in the room, and this requires money as you adjust your forces accordingly.

They may not be nuclear. They may be conventional; they may be otherwise. It will be even more imperative to do that as we proceed to other efforts which are more ambitious than the INF Treaty.

Now, ultimately it will be a moneysaver, but it will not be in the short term.

Chairman NUNN. Will it cost more money? Will we spend more money in order to get an arms control agreement?

Secretary CARLUCCI. If I may answer that question, Mr. Chairman, in terms of the INF agreement, we have budgeted costs of $198 million in fiscal year 1988 and $148 million in fiscal year 1989.

That includes the cost of destroying the missiles; the costs of setting up the on-site inspection agency; some monitoring costs, the costs of setting up the continuous portal monitoring system in the Soviet Union; and there may well be some additional costs in protecting our own installations which are subject to on-site inspection in the United States.

Chairman NUNN. How about savings now? Certainly the operational savings are some savings to be deducted from those costs, is there not?

Secretary CARLUCCI. Yes, sir. You do get some Operations and Maintenance (O&M) savings. We are planning actually to keep the—well, we are looking at alternative uses for the forces that have manned the Pershings and the Ground Launched Cruise Missiles (GLCMs); but yes, you get O&M savings that extend into the out years. You get cost deferrals.

Chairman NUNN. Have you netted that out? Have you made any projection over the next 5 to 10 years as to what the net bottom line is in either plus costs or net deductions from the Defense budget by reason of the treaty?

Secretary CARLUCCI. We would have to submit something for the record. I take it you do not want to take into account the capital costs of building and putting in the missiles that have been taken out, or would you want that?

Chairman NUNN. I think it would be helpful it we got some kind of analysis for the record.

Secretary CARLUCCI. We would be glad to do that.

[The information follows:]

For fiscal year 1988 and fiscal year 1989, the total cost avoidance associated with the draw-down of the GLCM and Pershing missile forces is $219 million and $240 million, respectively, based on a treaty ratification date of April 1, 1988. These savings cover all applicable appropriations and have been reflected in the amended budget request. For fiscal year 1990 fiscal year 1992, when all the missiles are to be eliminated, the cost avoidance is estimated to total approximately $1.6 billion.

These resource savings will either be included in the reductions the Department must make to get the outyear funding profile down or will be used for alternative programs as the force structure requirements are redefined. These matters will be addressed in the upcoming program review this summer.

Chairman NUNN. Although we do not have a START agreement now. I think it might be interesting, too, to get an assessment on START when you are able to do that. I will not ask for it immediately, but when you are able to do that.

Secretary CARLUCCI. We are not in a position to do it in START because we do not know the verification regime and the costs of what the monitoring might be; but we should be in a position to do it for INF.

Admiral CROWE. Mr. Chairman, could I add one thing?

Chairman NUNN. Yes.

SHIFTING FUNDS

Admiral CROWE. Of course nothing in these agreements is going to prevent either party from shifting funds from one military pocket to another. There are some exceptions to that, but in general what we have to do will depend in large part on what our potential adversaries do in the wake of these efforts.

Chairman NUNN. Thank you. My time has expired.

Senator Warner.

SOVIET DEFENSE EXPENDITURES

Senator WARNER. Thank you, Mr. Chairman, and I will just follow right on with that question.

Admiral, do you see any indication of the Soviets slowing down their defense expenditures?

Admiral CROWE. Outside of talk, no, sir.

Senator WARNER. Admiral, you mentioned that the cornerstone of our deterrent policy is sea power; and yet you said you do not want to see us relinquish naval superiority. That was a phrase you used. Yet, you also said that they have the largest navy in the world.

Now, how do you reconcile those two statements?

Admiral CROWE. Well, what is generally referred to when I say the largest navy is numbers and so forth. Of course I reconcile it in terms of our quality, Senator, in terms of our ability to keep the sea. This brings into play a whole host of factors, all the way from history and tradition to the quality of youngster we are bringing into the navy, the equipment we deal with, and our long seafaring experience.

Senator **Warner**. So it is your judgment we still have superiority in that area of our deterrence, the maritime superiority?

Admiral **Crowe**. That is my judgment in the statement, Senator, but I emphasize it is a moving train. It is really remarkable when you look back over the last 40 years what the Soviet navy has achieved. They have managed to go from a small generally oriented coastal defense force to a blue water power that is in every ocean of the world.

DECLINING DEFENSE BUDGET

Senator **Warner**. I have observed that along with you.

You also stated that four times in the history of this century we have allowed our defense forces to sag. I believe that was the phrases you used.

How near are we with four consecutive and now a fifth year of declining budgets, due to hit the fifth time?

Admiral **Crowe**. This budget, I believe, is a well-scrubbed and well-constructed budget. We have cut in the muscle but managed to keep the quality of the force. If we continue to face declining fiscal appropriations, we are going to have to make more force structure cuts, and we are going to have to cut some of these quality things which we are fighting so hard to protect.

The Secretary may want to expand on that, but that disturbs me. I find that very distressing, and I think I can speak for all the Chiefs in that regard.

Secretary **Carlucci**. I share that view.

Senator **Warner**. You said that some think the risks are too high today. What is the assessment of the JCS with respect to the increased risk? How do you quantify it as a consequence of this particular budget?

Admiral **Crowe**. I think it is implicit in my statement and particularly in the net assessment how many uncertainties are involved in this, Senator. I think we believe we have protected the deterrent policy, which is one of the cornerstones of our strategy. Our forward deployed posture is solid.

Senator **Warner**. But there is an increased risk?

Admiral **Crowe**. Absolutely.

The difficulty here which I think is not well understood is that the day you pass an appropriation, the risk does not increase. It is going to increase 3, 4, 5 years down the road when the equipment that is now funded is now out of the pipeline, into the inventory and has ceased, and the equipment we are not producing or modernizing that would normally have been funded today does not come into the inventory in 4 and 5 years.

Your maintenance backlogs begin to back up. Your optempo goes down. Your training goes down. So in the next decade, depending on a host of circumstances, the probabilities or at least the opportunities for the risks to increase dramatically are very high.

SDI PROGRAM

Senator **Warner**. Mr. Secretary, turning to the SDI program, again the level of funding, is there any particular request in this budget which would invite the Congress to a drastic end, as we did last year, of this struggle between the interpretation of the ABM Treaty and the President's position and that which prevails in certain areas of the Congress?

Secretary CARLUCCI. I cannot answer that question with certainty, Senator Warner, at this point. There are $4.5 billion in the budget in the R&D accounts for the SDI program, plus another $300 million for the DOE portion which reflects the $1.7 billion ramped down as a result of congressional cuts.

There are no tests scheduled for 1989. There are two tests that may well place in the 1990-91 time frame. They are currently being reviewed by the Compliance Committee. They will probably not raise the treaty compliance question but until the Compliance Committee has finished its review, I am not in a position to make any categorical statements.

Senator WARNER. What procedure will you follow after the Compliance Committee provides you with its determinations, the procedure with reference to how you handle it within the executive branch and how you approach the Congress?

Secretary CARLUCCI. As I have indicated, there will be no tests in the 1989 budget.

Senator WARNER. But you may need long lead funds.

Secretary CARLUCCI. The question becomes long lead funds. We would have to examine at what point in time those long lead funds would have to start, whether the long lead items would be just planning or metal bending.

We would be prepared to discuss this with the committee at the appropriate time, but I think it would be premature right now.

PAY INCREASE

Senator WARNER. Mr. Secretary, we have talked today about a pay increase for the men and women in uniform, and I certainly am supportive of that; but it seems to me with almost equal importance to their economic security is their own health security.

We at the Congress, and I am sure you are aware of this, are receiving an ever-growing number of, I would say, calls for help from both the Active Forces and the retired forces with whom we have made a contract in previous years to care for their health.

In this budget, are we making any progress in taking care of the health of both the active and the retired military personnel?

Secretary CARLUCCI. We are making progress within our resource constraints, but I think, Senator Warner, we have to be clear on the priorities we have established.

While we are indeed very concerned about the current health of our people, we have to be equally concerned about readiness. If we go to war, then what happens? Do we have the right mix of doctors? If you are in a war, all the pediatricians in the world are not likely to help you.

So we have to plan for both the current requirement and the readiness requirement. To the degree we move toward readiness, there are always complaints out of the current recipients.

We are making substantial changes, as I am sure you are aware. We have just let a new contract in the private sector on CHAMPUS in attempt to bring the costs down. We are attempting to move CHAMPUS recipients into existing health facilities wherever we can.

We are rationalizing the health facilities. We have made a major effort in the quality of care area with more intensive peer review, among other things, and the quality of care in our in-house facilities has improved markedly.

We are currently experimenting in Texas with one joint command in the medical area, and I think there are some economies there if we can bring our services together.

We are also attempting to bring in modern data processing techniques into our health care system. We have had some problems, the past 15 years as you are well aware, in getting this program under contract. We have been held up consistently in the Congress, but we hope to be able to get on with that contract.

We are doing a number of things in the health area. Dr. Mayer, when he comes up here, will be prepared to address them in detail.

Senator WARNER. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Warner.

Senator Shelby, under our early bird rule, you are next.

Senator SHELBY. Thank you, Mr. Chairman.

RAIL MOBILE MX

Secretary Carlucci, I would like to refer you to the rail mobile MX and possibly the Minuteman that is in the budget.

Secretary CARLUCCI. Minuteman or Midgetman?

Senator SHELBY. No, not the Midgetman.

Where are we as far as the budget is concerned, and where are we going? Let us talk about the MX first.

Secretary CARLUCCI. There are $800 million in the R&D account for the further development of rail mobile, which will be a rail garrison-MX. The Peacekeeper missile would not be continuously deployed on the rails, but it would be garrisoned on rail cars and moved on warning. Since we have some 200,000 miles of rails, there is plenty of space for it to move over.

As I indicated earlier, we currently have some 76 missiles that have been authorized and appropriated by the Congress, 33 of which are currently in Minuteman silos.

We will put the full 50 in those silos at Francis E. Warren Air Force Base, and then we would like to take them out of silos and put them on rail garrison once rail garrison gets out of the developmental stage.

Then we would like to go on with an additional 50 so we could have a force of 100 rail garrison MX's.

Senator SHELBY. Is this being stretched out, for lack of a better term? Why is the rail garrison not being moved forward at a greater pace?

Secretary CARLUCCI. Well, the R&D on rail garrison is not being stretched out.

Senator SHELBY. It is not ready yet?

Secretary CARLUCCI. No. The R&D is going just as fast as we can fund it.

What is being stretched out, though, is the missile itself. Buying in quantities of 12 is extremely uneconomical. We had 21 in the original 1989 budget, but Congress has consistently cut us back. So, exercising our judgment, we said, well, it seems that 12 is the most we seem to be able to get. That is very costly.

SOVIET ICBMS ON RAIL

Senator SHELBY. Mr. Secretary, does the Soviet Union at the present time have some ICBMs on rail?

Secretary CARLUCCI. Yes. It has the SS-24, which I think is now out of the developmental stage. I am not sure exactly how many warheads it would have.

Senator SHELBY. Are we falling behind in this area, then? Is that what you are saying?

Secretary CARLUCCI. They are ahead of us, yes, certainly, in rail mobile.

Senator SHELBY. Should the rail mobile, the garrison as I call the MX on rails, be one of our highest strategic priorities as far as survivability is concerned?

Secretary CARLUCCI. I agree. Yes, sir, it should. I think we are going as fast as we can on the developmental program.

I would like to have a larger buy of missiles, but that does not seem to be politically feasible.

Senator SHELBY. Admiral Crowe.

Admiral CROWE. I agree with that, Senator.

MIDGETMAN BUDGET

Senator SHELBY. What is in the budget, if anything, as far as the Midgetman further development is concerned, Mr. Secretary?

Secretary CARLUCCI. There are $200 million in the budget for Midgetman as opposed to, I believe, $2.2 billion in the original 1989 request. The $200 million will keep the program going in a state that it could be, once again, ramped up should my successor and the successor President decide that they want the Midgetman program.

There has been no money put in the budget in the out years. In other words, some $40 billion in 10 years dollars has been taken out of the budget for Midgetman in fiscal year 1989 and thereafter because that is approximately the remaining acquisition cost.

To finish the MX on rail garrison, we estimate it would be about $11 billion compared with the $40 billion for the Midgetman cost. So the $200 million are simply to keep the program going in a state where it could be revived should, as I said, my successor wish to do so.

Senator SHELBY. Mr. Secretary, is the basing of the MX on rails one of your high strategic priorities?

Secretary CARLUCCI. Getting the rail mobile system is one of our highest strategic priorities. We have not decided on a basing location.

Senator SHELBY. But to get it on rails and make it more survivable is one of the Defense Department's highest priorities?

Secretary CARLUCCI. Yes. I think we badly need a survivable missile system.

Senator **Shelby**. Mr. Chairman, I have a number of questions that I would like to submit to the Secretary and also to the Chairman, Admiral Crowe, for the record and for myself.

Chairman **Nunn**. Without objection, we will be glad to get those for the record. Again, as we have done in the past under the procedure we started last year, we are going to look at all the questions and eliminate duplications and work with Senators so that we do not have duplications and so that we minimize——

Senator **Shelby**. We will work with the staff on that.

Chairman **Nunn**. We will do that this year. We have staff on both sides looking at it.

Senator **Shelby**. Thank you, Mr. Chairman. That is all I have.

Chairman **Nunn**. Thank you, Senator Shelby.

Next is Senator McCain, I believe.

Senator **McCain**. Thank you, Mr. Chairman.

I would like to make a statement if I might before questions.

Chairman **Nunn**. We would be glad for you to take the time you need, Senator, for that.

Senator **McCain**. Thank you, Mr. Chairman.

Mr. Secretary and Admiral Crowe, I know that the budget you present today represents months of very difficult and agonizing decisionmaking, very painful reductions in our force structure, and in some cases military capabilities. I also know that it is very important that you support this number for a variety of reasons, including the decision and agreement that was made as part of the overall budget agreements.

INF REDUCTIONS

I also know that you must support the administration in resisting any linkage between the INF reductions and related increases in our Defense budget. I am afraid, however, that this may leave this committee with a difficult agenda, in spite of our distinguished chairman's enormous efforts to concentrate on the overall changes in our force structure.

If we follow such an agenda for the rest of the year, we will simultaneously rush through support of the ratification of the INF Treaty and a defense budget whose principal objective is to solve problems in our economy. Such an agenda I think could mean damaging our committee's main purpose of ensuring our Nation's security, and it almost certainly could mean spending months arguing over how we can adjust various programs and projects to a budget ceiling, regardless of their effect on security.

I believe we need to do what we can to modify that agenda. I believe we need to pay attention to the threat as well as to the budget and budget deficit. I believe we must link arms and arms control, and I believe we must break out of the trap of arguing over line items in the budget within a fixed budget ceiling and focus instead on whether we are actually buying the mission capability and warfighting capability we need.

Unless we do this, we will perpetuate declining support for adequate defense spending, and we will have arms control without security.

NATO-WARSAW PACT BALANCE

I believe today we should start to begin dealing with four critical issues, and the first of these issues is the trend in the NATO-Warsaw Pact balance. It is fairly clear that 1988 will be the year in which we begin to eliminate most of NATO's INF forces.

The key question is whether it will also mark the end of conventional options and short range nuclear force modernization as well. Both Secretary Carlucci and Chairman Nunn have many important ideas for force improvements which may be implemented within the proposed budget. What I have seen indicates that the Carlucci and Nunn initiatives are very important initiatives, but I am afraid they will not entirely arrest this decline in the balance.

In fact, unless this committee gets a detailed net assessment and projection of the trends in the military balance, supported by the kind of mission-oriented budget statement that explains the impact of such improvements on the balance, I at least will be worried that all the testimony we hear about improved conventional options will not be convincing.

Please do not misunderstand me, Mr. Secretary. I want to believe that we can solve our problems in the NATO-Warsaw Pact balance while cutting our defense expenditures. I will not, however, believe that we can do this until I can see the evidence.

MODERNIZATION OF STRATEGIC FORCES

I have the same concerns about the second major issue we face in this year's budget: the adequacy of the resources we are allocating to modernization of our strategic forces, our theater nuclear forces, and other missions performed by our unified and specified commands.

In each case we run the risk of carrying out structural disarmament while we mask reality with promises. We need supporting net assessments and mission-oriented budgets to show how our projected defense programs will affect the military balance.

I believe such information is essential.

ARMS AND ARMS CONTROL

The third issue is the link between arms and arms control. This linkage exists regardless of the size of our budget deficit. If we are to understand the impact of arms control on our defense needs, we need to understand how arms control agreements affect the relevant aspects of the military balance, and we need to find ways to ensure that any violation of an arms control agreement is detected, publicized, and dealt with in proper proportion to their seriousness.

I do not believe we need to amend the INF Treaty, nor do we need killer amendments. I do believe, however, that we should legislate reporting requirements which will reassure those who have reservations about this treaty and which will help deter the Soviet Union from testing our will and resolve.

The fourth issue is the issue that we discussed earlier today, which is ending the steady decline in popular support for defense spending and for strong military forces. I do not believe we can ever regain that support until we convince the public that we are managing the Defense budget effectively and that we can consistently deliver our major weapons programs with all the promised performance, on time and on cost.

I believe we need to begin focusing on the critical issue of what we really need to ensure our security in a way that is fully supported by an informed public debate based on a full understanding of how arms control and defense spending affect the military balance.

To be more specific, we need to unclassify net assessments and estimates of mission capability. We need to know the value of our Defense budget and the INF Treaty and not simply the price tag.

I would like to return to these themes as our budget hearings continue, but I would like to take a first step, Mr. Chairman. And I know that you and Senator Warner have expressed similar concerns in the past, that this committee has already made impressive improvements in its treatment of the Defense budget and arms control issues.

I also know, as does the Secretary, that legislation was passed in November of last year that requires the provision of classified and unclassified net assessment of the defense capabilities and programs of the armed services of the United States and its allies as compared with those of their potential adversaries.

I support all these efforts. Nevertheless, I am sufficiently conerned with the special problems we face this year, and I am submitting several proposals to the chairman and Senator Warner suggesting improvements in the reporting we receive from the Department of Defense and other agencies.

These suggestions are not radical in nature and they largely refine existing procedures and requirements. But I believe they can do a great deal to create the basis for public policy debate that will focus on the real issues, such as arms control and defense spending.

And I look forward to working with Admiral Crowe and Secretary Carlucci and receiving their imputs on the best ways to implement them. I am not sure how much we can do in the short term, but I believe we must do something to halt the drift toward combining inadequate defense spending with congressional micromanagement.

I believe we need to operate from a common basis of facts that focuses on the real issues, and we need to be able to assure the American people that we have sound reasons for our actions.

I would like to, if I could, at this time ask one question, Mr. Chairman, and submit the others for the record.

NATO-WARSAW PACT IMBALANCE

The question, Mr. Secretary, is on the NATO-Warsaw Pact imbalance or balance that we have discussed in the past. And I think that all members of this committee are deeply concerned with the combined impact of the U.S. budget and INF on the NATO-Warsaw Pact imbalance with the prospects of trying to simultaneously improve our conventional options and move toward reductions in conventional forces.

Mr. Secretary, one of the problems that we have, I think, is that, at least in the view of some of us, there is not an adequate net assessment as far as the NATO-Warsaw Pact imbalance is concerned.

Valiant efforts have been made by both our chairman and Senator Levin in trying to address this issue.

And I would like your assessment of that imbalance, and that of Admiral Crowe. And also, would you compare your assessment to that of Senator Levin and that of the International Institute of Strategic Studies, which I believe you are familiar with?

Secretary CARLUCCI. Thank you, Senator McCain. As you know, we have been mandated by the Joint Chiefs and mandated by the statute to come up with such a net assessment. This was first proposed in the Packard Commission, in which I participated.

Admiral Crowe has given you a form of an unclassified net assessment in his testimony, and I really cannot elaborate on that at this point. But we will try and bring you a more comprehensive net assessment.

There are serious classification problems that have to be addressed in this issue. I might also note that our publication, "Soviet Military Power," will move more in that direction as well.

But overall, I share Admiral Crowe's view that we have a serious conventional imbalance, while recognizing Senator Levin's very valid point, that you cannot just count beans. Even looking at his own categories, there is reason for serious concern, and particularly if you add the category that Admiral Crowe referred to, which is not in Senator Levin's report, of chemical weapons: There is a very serious imbalance in chemical weapons.

Admiral Crowe.

Admiral CROWE. Senator, we will make vigorous efforts this year to unclassify everything we can about our net assessment.

I think one of the main virtues and strengths of the Goldwater-Nichols Act was to put the Joint Staff in the net assessment business. We are in it now, and I share with you the importance of this to our planning and our ability to look into the future.

I would also like to emphasize, however, that it is a very, very complex business. Very few organizations in the world—IISS is one—make any effort at net assessments.

Many organizations do it on a small segment or a particular front or a particular region. But we are trying to tackle this problem of, number one, looking at all the military commitments of the United States; and second, reconciling the various views of everybody that not only has an interest but some expertise in this area.

I have discovered that that is an imposing task, because no matter what we publish or what we do in a net assessment, somebody disagrees with it. And usually what it means is that we did not come up with their view and consequently the net assessment is not right.

So to overcome that and to coordinate and correlate all of the war gaming efforts going on in this country and to reduce the many, many uncertainties and intangibles into a net assessment requires a lot of experience, background, and expertise.

And it will be some time before the Joint Staff is able to refine the net assessment, at least to my satisfaction. But we are striving valiantly at it, and we will get better every year.

Well, simply put, we have just got to do it and we have got to do the best we can and make it as good and as useful to everyone as we can.

Senator McCain. Well, thank you, Admiral.

I hate to sound a bit repetitious, but I believe that if we are going to get the support of the American people—and I would like to remind you that, according to all the polls I have seen, around 20 percent of the American people support an increase in defense spending.

I do not believe that that is because the threat has changed, nor has Soviet activity changed. I believe it is a result of misunderstanding about waste, mismanagement, and other areas, but particularly a lack of knowledge on the part of the American people as to what our armed services would be faced with in the event of war.

And I believe that by unclassifying this information as much as humanly possible, we would do a great service not only to the American people by informing them, but perhaps make your job a lot easier in acquiring those weapons systems and people that are so necessary for the future security of this country.

Thank you, Mr. Chairman.

Admiral Crowe. You have put your finger on the number one challenge that confronts us, a very perplexing one, and we applaud all the help we can get, Senator.

Senator McCain. Thank you.

Chairman Nunn. Thank you very much, Senator McCain, for making some excellent points. I agree with you on the importance of net assessment.

I know that Senator Goldwater and I talked about it over and over again for a number of years, and we were always frustrated that we were not getting a dynamic balance, not getting some of the subjective judgments that we need in order to make these assessments, as difficult as they are. And that was of course part of the thrust in the Goldwater-Nichols Reorganization Act.

And also, Senator Warner had an amendment that requires that kind of an effort by the Secretary of Defense. So I look forward to working with you in that aspect.

Also, your comments about more mission orientation, I agree with that, too. We have tried to structure our subcommittees more along the mission line, although we have not done it in total. And also we are hearing more in the up-front part of our budget process from the combatant commanders out there that have the responsibility for missions.

So we are trying to move in that direction. But you make valid points and we appreciate it and look forward to working with you on it.

Senator McCain. Thank you, Mr. Chairman.

I hope I did make myself clear that the changes that have been made in both the committee structure and the focus I think have been enormously helpful, particularly for this member in being able to be informed as to our requirements. And I thank you for that.

Senator Quayle. Would the Senator yield on just this point?

I concur with what Senator McCain and the Chairman talked about, the need for the public net assessment. But I might just point out, just reading through the annual report to Congress by the Secretary of Defense and also the Admiral's statement, we have more discussion of net assessment than at any time we have ever had before.

It appears to me that we are moving in that direction. The more that we can do, the better. But I for one thought you did quite a bit in these two documents than at least since I have been here in more public discussion on net assessment, which I think is very, very good.

Chairman Nunn. Senator Exon.

Senator Exon. Mr. Chairman, thank you very much.

Mr. Secretary and Admiral, thanks for coming over today so promptly. I have had a chance to go over some of these details with you previously.

I want to congratulate both of you for a truly exceptional job. None of us like everything that we are going to see, and I can imagine the soul-searching that you must have gone through to make the difficult decisions that you had to come to, some against your will if you had had your wishes and had the money.

But I think you did an exceptional job, and we are going to take a very close look at all of these matters. I want to particularly congratulate you, Mr. Secretary, for your stand on moving the MX, the Peacekeeper, call it what you will, onto a rail mobil system.

MX MISSILE

I felt that I almost stood alone for years and years and years on this issue, and whether I was right or wrong at that time, you in my opinion should be congratulated for recognizing that we should never ever have gone to a fixed base silo for the MX missile, since I would just remind all once again that the reason for building the MX in the first place was that our Minuteman IIs and IIIs were vulnerable to pretargeting by the Soviets.

And it never made any sense to this Senator to take that new, 10-warhead baby and put it in a hole that was already targeted by the Soviets for 12 to 15 years.

So you have been realistic, and I hope that we can move forward as quickly as possible on your testing on the rail garrison concept, because I think that gives us mobility for that very important part of our deterrent that we could not get in any other fashion.

So thank you for your overall job and thank you, in my opinion especially, for grabbing hold of that MX situation and coming forth with a recommendation that I think makes eminent good sense.

We are going to have to take a look at this new mean, lean defense structure, I suspect also from a technological standpoint in our classified programs, and that comes under my Strategic Subcommittee. We will be taking a very careful look at that and we want to work very closely with both of you on that.

In that regard, to get into a couple of specifics, to make sure that we keep up with things—and I would ask either one of you to answer this question. As you know, I have been very much sold on the Trident program. We have had excellent results with it.

There have been some recent failures, and I understand that there is to some degree of a D–5 missile firing and also a failure of an older Trident C–4 missile also failed. Is that a concern? Can you tell us a little bit more about that?

Were those serious reverses? Any time I hear anything about that Trident program, I am worried because I think it is the heart and soul of our nuclear deterrent.

Senator Carlucci. Senator Exon, subject to correction for the record, I believe that was one failure out of the first nine D-5 missile tests. So I received a report on it and I do not recall there being any kind of a serious problem in the D-5 program.

I do not know if Admiral Crowe has anything to add to that.

Admiral Crowe. As I recall, Senator, we have had nine tests and we have had problems on two, but only one test was considered a failure. We do not at this point think the problems are exceptional or significant, and we believe we have a handle on them. I will confirm or reaffirm whether I have that wrong, and if I do I will be in touch with you.

On the C-4, we have had a very, very successful operational test record. Since January 1985, our success rate has been something like 95 percent. We track each one of those very closely, and we believe we are in a position to correct them.

But our test record on the C-4 is still very good.

Senator Exon. Thank you very much.

QUALITY OF SOVIET WEAPONS

My last question, Mr. Chairman, has to do with the quality of the Soviet weapons as we keep looking at and wondering about the quality of ours. Many of the witnesses who have come before this committee to testify on the INF Treaty have testified that the Soviet weapons have improved to such a degree that NATO no longer has a meaningful technological advantage over the Soviet Union in many, many important areas.

In your view is that accurate? In what types of weapons do we still have a technological lead in your opinion?

Secretary Carlucci. I think it is quite clear that the Soviets have been gaining on us in the technological area, in the quality of their weapons systems, in part because they steal so much of our technology. We either publish it or they get it through clandestine operations.

So they have made a quantum leap in their technology. We are still considerably ahead in the area of data processing, computer chips, software, those kinds of things that we can apply readily to our command, control and communications (C^3).

When it comes to weapons systems, such as submarines or airplanes, I think they are gaining on us. And there are certainly areas where there is no significant qualitative difference.

Admiral Crowe.

Admiral Crowe. Well, I would just reflect what the Secretary said, Senator. First of all, the record is mixed, of course.

One other thing you should also bear in mind is that a lot of their most modern systems where they have made these improvements we are talking about are represented in the inventory by very small numbers, and they have a proclivity for keeping much of their old equipment. This is not to downplay the importance or significance of what they are doing, as to keep in balance what we are facing.

In the miniaturization area, which is what the Secretary also was mentioning, we have very important leads at sea. We have had some problems, of course, in keeping up with their missile technology. They got a real jump on us.

We are very concerned about their ASAT superiority. And of course, the Congress has prevented us from countering that capability, and there is one area in space where I think we not only have a disadvantage, we have a very significant crucial disadvantage.

In many of these areas of our technology, we are able to stay ahead if we run fast. And that is one of the things that worries the Joint Chiefs about when we are forced to cut down on modernization and procurement. It is not today we are talking about, it is the next decade.

And the way we have managed to hang onto our slim lead in technology is through a vigorous R&D program and through considerable investment in modern technology and turning over our systems, trying to keep modern, trying to stay ahead, trying to stay in the pipe.

We agree that in this budget—and we concur on the way that it has been divided—the stress immediately should be on sustainability and readiness. But it is the old story: You have still got to worry about the future, and the Soviets are striving and stroking.

Senator EXON. Gentlemen, thank you very much. My time is up.

I just want to say, I think it is important that when we look at this overall balance—we call it force structure, we call it net assessment, call it whatever you want. But I think it is also important to recognize and realize that we need not necessarily play down the very important elements where we have a strong, strong lead and are far, far superior to the Soviets in a whole series of areas.

That is part of the balance I think the people of the United States are entitled to.

Thank you for sharing your thought with us here today.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, Senator Exon.

I believe next is Senator Gramm.

Senator GRAMM. Thank you, Mr. Chairman. Mr. Chairman, I was sort of swollen up with an opening statement when you went on to Secretary Carlucci and Admiral Crowe. So if I may, I will follow the lead of my colleague here and give a short opening statement, but then I will limit my questions to at most one and maybe forego that.

Chairman NUNN. Well, thank you very much, Senator. That would be fine. We would not want you to remain swollen very long.

DEFENSE BUDGET OF REAGAN ERA

Senator GRAMM. Mr. Chairman, I cannot pass the fact that this is the eighth Defense budget hearing in the Reagan era without remarking on the incredible progress that we have made.

I think to look at the progress you have got to go back to 1950, when we had virtually a nuclear monopoly. We were spending 12 percent of GNP on defense. And over a 30-year period, when the

Soviets expanded their nuclear forces, built up their conventional forces, and modernized, our percentage of GNP spent on defense from 1950 to 1980 declined from 12 percent to 5 percent.

In fact, it was in the 1981 budget cycle during the Carter era that bipartisan alarm about national security induced the Congress to cram down the then-President Carter's throat the largest defense increase in the peacetime history of the Nation.

I think it is important as we look back at what has happened since then that we ought to have some reflection on the great progress that has been made. In 1980, our planes did not fly, our ships did not sail because we did not have mechanics, we did not have spare parts.

We had, as Admiral Crowe has referred to it before, a hollow military force.

We have been keeping IQ levels on average inductees since roughly 1911, and we had one of the lowest levels of average IQ of any period since we started keeping the records 70 years before.

Our percentage that were high school graduates of new inductees was at the lowest level in the postwar period.

All of that has changed. We have recruited and retained some of the finest young men and women who have ever worn the uniform of the country. They have the highest IQ level of any inductees in history. Ninety-three percent of them are high school graduates. That is the highest level ever recorded for the armed services.

We modernized conventional weapons. We modernized the strategic triad. The United States is stronger today than it was in 1980.

Unfortunately, the Soviets were already in a dead run in 1980 in terms of increasing their armament. They have not broken stride. But I still believe that relatively speaking we have made progress. The world is safer today than it was in 1980.

The Soviets have come to the bargaining table, not because we made concessions, but because we are strong. I guess the tragedy is that, after the progress that we have made, we now are back down to 5.9 percent of GNP being spent on defense and that number is declining. So it is like going out and buying a lot of new machinery and then not hiring people to run the machinery or to maintain it.

I will have to say, since a bill that is often discussed and cussed on this issue, the Gramm-Rudman-Hollings law, which bears my name along with the other two guys who were responsible, with all the problems we have had, since the problem of defense is often blamed on it. I would like to say that it is my opinion that in a $1.1 trillion budget we ought to be spending more than $290 billion on defense.

In fact, Mr. Secretary, as you put out this budget and as we have enforced the continuing resolution last year, I have been amazed at the number in my State, Members of the House, who have run back home when people have been laid off and said: Damn that Gramm-Rudman-Hollings law; look, we got people being laid off right here in XYZ City.

Of course, I have rushed down and said: Well, if these fellows had not voted to cut defense all these years, this would not be happening.

In fact, the guys who blame Gramm-Rudman for defense cuts are a little bit like a fellow who spends all his income on whiskey and then blames his employer that he does not have enough money to feed his children.

Having said all that, I intend to support the agreement Congress worked out, even though I did not vote for it, because it is an agreement that we put into place. I hope we are going to live up to, Congress is going to live up to its end of the commitment concerning the money we are going to spend on defense.

I would like to say, Mr. Secretary and Admiral Crowe, I think we will have problems again this year even if Congress lives up to the commitment it has made. I think with the kind of tight budget that you have submitted, that we have got to do a better job than we have ever done in preventing legitimate programs from being cut to fund raw, rotten old pork.

The swineherders of the world must gag at what has occurred in the past in terms of defense spending, whether it has been the coal interests forcing us to buy coal and stack it along the railroad track, or the continual buy-America program that rips off the military.

I am hoping that you will join those of us in Congress concerned about this, that when that first little pig comes running down the path you will grab it by the throat. I think it is vitally important that we do that, because under his budget there is not a margin for error.

It seems to me it is vitally important that we not allow spending as usual to occur, and I want to pledge that I am willing to work with you to try to achieve that.

Having said that and used up my time, I will pass on the question.

Chairman **Nunn**. Senator Gramm, if you would like to use additional time for questions, I will be glad for you to do that.

ASAT

Senator **Gramm**. Well, I guess I could, Mr. Chairman, just simply ask one question. I have never understood Congress' position on ASAT. Try as I may, I have never ever been able to understand why Congress will not spend money on ASAT.

As I look at your budget proposal, I guess you concluded that there was not any sense asking for it because Congress was not going to give it to you.

Secretary **Carlucci**. Precisely.

Senator **Gramm**. If we went to war this afternoon, what kind of difference would it make if we had the ASAT tested, built, and deployed that we have in essence in the test stage on hold for the last 3 or 4 years?

Secretary **Carlucci**. It would make all the difference in the world, Senator Gramm, because it would be a deterrent against their blinding us by putting out all our satellites. Right now they know they could blind us and we would have no retaliatory capability, no deterrent capability.

So I share your inability to understand Congress' decision on this. To us it is a very unwise decision. As I indicated before, if Congress will reverse that decision I will take more cuts in other areas in order to fund an ASAT deterrent.

Senator **Gramm**. So you in essence, Mr. Secretary, are telling us you did not put this in here because you did not believe it was going to be funded, and so you put the money where you thought it might be funded?

Secretary **Carlucci**. Absolutely, that is correct.

Admiral **Crowe**. Senator, military people do not understand it, either. So you have got a lot of company.

Senator **Gramm**. I had hoped after "Red Storm Rising" was written that people would read that book and decide that we needed that missile. But it did not happen.

Admiral **Crowe**. It has been a proud boast of this country that we always give our fighting men the best equipment we can. Here is a graphic example where we do not give them anything to meet a real genuine threat.

Chairman **Nunn**. Thank you, Senator Gramm.

Senator Levin.

Senator **Levin**. Thank you, Mr. Chairman.

First let me welcome both of you and thank both of you for the presentations that you have made, the bipartisan spirit in which you have approached this budget, and the tone that you have taken, which is a very accommodating and nonconfrontational tone, which I think will be very helpful in terms of working out a defense budget with the Congress this year.

SDI

I have a number of questions. First, relative to the SDI number, I think, Mr. Secretary, you indicated that there is no decision yet made as to whether there would be any advanced lead money needed this year for later tests which would require a broader interpretation of the ABM Treaty?

Secretary **Carlucci**. Which might. I did not say any determination had been made.

Senator **Levin**. Right, that the long lead funds might be needed, it has not yet been determined whether or not that will be true this year, and you will let us know?

Secretary **Carlucci**. That is right. We are currently restructuring the program, Senator Levin, as a result of the $1.7 billion cut, and obviously that pushes the tests out into the future.

There are two tests, one involving the Boost Surveillance and Tracking System (BSTS) and the other the space-based interceptor that are currently under review by the Compliance Committee.

Senator **Levin**. My question to you is this: Did you give any guidance to that Compliance Committee or to the SDI program as to whether they should or should not avoid any long lead funding this year which would require a broad interpretation?

Secretary **Carlucci**. No, sir, I have not. My guidance to the program is that they should function as a program. They are not to worry about the legalities. They are to structure their procurement process, their testing process, in accordance with the normal acquisition procedures.

We phased them into the normal acquisition program. I currently have an outside group of the Defense Science Board reviewing those milestones and reviewing the tests. The only guidance is to make it work like a real program, and let the General Counsel watch the legal requirements.

MX AND MIDGETMAN

Senator LEVIN. Mr. Secretary, you have gone through the numbers on the basing mode for the MX and on the Midgetman. Can you tell us whether or not there is an agreement among the Senate leadership and at least Congressman Aspin, who is chairman of the House Committee, on these two numbers?

Is that something now which everybody is on board on, at least you plus the three that I have mentioned?

Secretary CARLUCCI. I hesitate to speak for Congressman Aspin, other than to say I have discussed this with him. He is knowledgeable as to the numbers. He indicated to me that he personally thought that this would be a satisfactory solution.

But I have no formal agreement, so to speak. But he did indicate that he could accept it.

Chairman NUNN. Senator Levin, let me just add, sir, from the point of view of Senator Warner and myself, we wrote a letter to the Secretary and asked that the Midgetman program be kept viable as an option for the next administration. We felt that it would be a mistake to zero it out and make it a nonviable program, particularly when there was so much strong feeling in the House and the Senate on that program and that there was a grave danger that we can end up in a period where we are negotiating arms control with people who were for Midgetman then becoming more and more antagonistic to the MX rail mobile.

And you could end up in a very serious situation of having both programs killed in a year that they were very important. So we did ask that the Secretary keep that program alive.

I think what he has described here today has complied with our request. We did not discuss the funding level, precise funding level, on either the Midgetman or the rail mobile MX. There was no commitment on precise funding levels.

So it was a concept we laid out and we got back the reply which seems to me meets that request that we had made. But there has been no ironclad agreement on funding levels for either program from my point of view or Senator Warner's point of view.

But we certainly will review it with that concept in mind.

We also made it clear we were speaking for ourselves and not trying to represent the committee. There is a lot of different feelings on the committee regarding these programs.

Senator LEVIN. Thank you, Mr. Chairman.

I take it that the purpose of the budget request is basically to keep those options open?

Secretary CARLUCCI. Yes, sir, it is.

Senator LEVIN. And that if we approve that budget request, there would be no implied commitment to either production or deployment funds for either?

Secretary CARLUCCI. Well, the MX rail garrison is in the development stage. There is no procurement money requested for rail garrison, although we may well have a prototype. It is about to enter full-scale development. There is no prototype either.

Senator LEVIN. And on the MX missile issue, your phraseology is that the money is requested for missiles "for potential deployment in rail garrison." And my question is this: Do the eight MX missiles which you are requesting for that purpose fit into the currently planned test program for MX, or are they only needed if we approve the rail garrison basing mode, which we have not yet approved?

Secretary CARLUCCI. No. While we have billed them as test missiles for the MX rail garrison, but in effect, we could work with the Congress on this. A missile is a missile, and we are flexible as to how it might be used.

But I have indicated my own proclivity not to put any more than the current 50 in fixed silos. I think that is an unhealthy situation.

Senator LEVIN. So that the approval of these eight missiles, if Congress approves them, would not thereby constitute approval of the basing mode?

Secretary CARLUCCI. No, it would not constitute approval of the basing mode. I assume that if the Congress votes for $800 million for the developmental phase of rail garrison, then it is approving that program, at least through the developmental stage. And these missiles could be used for testing purposes.

Senator LEVIN. There is a specific requirement in law that says that Congress must approve a new basing mode for MX. There is a cap on MX deployment of 50 pending that approval.

Does the approval of these funds by Congress constitute compliance with that requirement in your book?

Secretary CARLUCCI. I believe it does. The fact is, we are over 50 now. We are at 78.

Senator LEVIN. I am talking about deployment of 50.

Secretary CARLUCCI. Yes, because these would not be deployed missiles.

Senator LEVIN. You then would take the authorization and appropriation of these funds as representing the approval of the basing mode for the purposes of going about that deployment cap of 50?

Secretary CARLUCCI. I would like to review the law and come back on the record on that question, rather than answer it off the top of my head.

[The information follows:]

PEACEKEEPER PROCUREMENT AND RAIL GARRISON DEPLOYMENT

Senator LEVIN. You would take the authorization and appropriation of these funds as representing the approval of the basing mode for the purposes of going above that deployment cap of 50?

Secretary CARLUCCI. The amended fiscal year 1989 budget request was prepared assuming rail garrison basing. Since the earliest initial operating capability date for rail garrison cannot be until fiscal year 1991, however, the decision on whether to proceed with deployment rests with the next administration and the Congress. The funds requested in the amended fiscal year 1989 budget will enable us to progress with rail garrison to a point that I hope that both the next administration and the Congress will endorse my recommendation to deploy eventually all 100 peacekeeper missiles in this basing mode. These funds do not represent a final congressional approval of this basing mode.

Senator LEVIN. That would be fine, Mr. Secretary. Relative to the Wehrkunde Conference, which a number of us were at and we heard you speak and thought you were very effective, by the way, at that conference, one of the things you were quoted as saying, and I am not sure I quite heard it this way, but you were quoted as saying that, in the event we did not proceed with modernization of the battlefield or short-range weapons, that we would be required or some would urge that we review the troop level.

Can you tell us exactly what you mean in that regard? We have Chancellor Kohl in town today. Some people took that as being more threatening than perhaps we ought to be internally in Germany.

Can you tell us, not necessarily what you said, but what your position is on that, so we can clarify it?

Secretary **Carlucci**. I do not think we need to give a lot of visibility to this issue. The Montebello decision stands. As I said in my statement at Wehrkunde and reaffirmed once again at the Nuclear Planning Group Meeting in Monterey last November, the 1983 decision stands.

The high level group is currently reviewing the program pursuant to the Montebello decision. As you are aware, the Montebello decision is in two parts: to reduce nuclear weapons and to modernize.

"Modernize" was translated into a number of weapons systems: dual capable aircraft, tactical air to surface missile, follow-on to Lance, nuclear artillery, and nuclear bombs. And some of that modernization has already proceeded.

So in many aspects, it is under way. The error is that everybody at Wehrkunde seemed to focus on the follow-on to Lance, which is a system that we would need for deployment perhaps in 1995. We have, currently in the budget, $15 million for R&D for follow-on to Lance, and we have not yet determined what system might be the best system for follow-on to Lance, or indeed we have not fleshed out all the requirements.

That is the kind of thing that the high level group is looking at. My view on modernization, recognizing that it is an accepted concept, are not very different than what I read Mrs. Thatcher as having said in this morning's paper, that if you are going to have your fighting people in the field, modernization is part of the name of the game, it is the name of the game.

They have to have effective equipment. And if we are going to have tactical nuclear weapons under the 500 kilometer range, we have to make sure that our people are equipped to defend themselves. And I, as Secretary of Defense, have that fundamental responsibility, to review the situation that faces our troops and whether they are capable of carrying out their mission.

Certainly modernization is an element I would take into consideration. And that is in essence what I said at Wehrkunde.

Senator **Levin**. Thank you.

My time is up. Thank you, Mr. Chairman.

Chairman **Nunn**. If I could follow up on that for just a moment. There is no government in the alliance that right now is taking the position that modernization of those weapons is not going to be carried out, is there?

Secretary **Carlucci**. Not that I am aware of, Mr. Chairman.

Chairman **Nunn**. Senator Quayle.

Senator **Quayle**. Thank you very much, Mr. Chairman.

Mr. Secretary, you have been handed a very difficult task, and I might just say you have handled it with a great deal of dignity and grace. It is a very tough chore that you have.

In response to this last item, I might just say I as one who have been very much in the forefront and a strong supporter of NATO, that if in fact the modernization does not go forward I would take the same viewpoint that you have somewhat expressed, saying that the question is whether the security of our troops are going to be in jeopardy, and would certainly reassess my position in voting for amendments or legislation to keep the troop level where it is.

So I can assure you that I speak for one, but I think there are others that have a similar viewpoint, that have been strong proponents that would certainly reassess their position if modernization were not to go forward, which we fully anticipate that it will.

I might just say at the outset that I hope we do not get into a self-fulfilling prophecy. We have all talked around here about budget constraints that we have. We know we have got budget constraints. That is facing reality.

But there is no threat constraint out there. There is absolutely no threat constraint out there. Admiral Crowe says very directly, and I know that you concur, that there is absolutely no indication whatsoever that the Soviet Union is going to change its manners and the way it goes about doing its military business.

Secretary **Carlucci**. Even if they stop spending today, Senator Quayle, if they reduce their defense budget to zero, weapons systems would continue to come out as a result of past investment.

Senator **Quayle**. So I just want to try to get the viewpoint across that, yes, we have got this bipartisan congressional-administration compromise—I have no desire to upset that—that that go through, but when we start talking about budget constraints in the future we are going to have to focus on the threat.

And national security is not an EDA grant. It happens to deal with lives and it happens to deal with the preservation of freedom in this country.

I might just take this opportunity to debunk a myth that I think floats around here from time to time, and that is that we spent more on defense spending these last years than nondefense.

Fiscal year 1980 through fiscal year 1986, we have spent $75 billion more on nondefense spending. It is absolutely ludicrous and wrong and a myth that we think that we have spent more over those years of the Reagan buildup in defense as compared to nondefense. That is simply not the case.

We are going to be seeing the percentage of GNP in defense spending down to 5.7 percent, which is getting down to an all-time low. You are seeing it consuming 26, your request, 26 percent of the budget.

This idea that we are overspending in defense is just simply not the case. Now, I think I agree with Senator McCain. It is our challenge as to how we go about changing that defense constituency, where you have a very small majority or minority in the American public.

I think that these public net assessments—and I encourage you along the lines that he advocated, to see what you can do more in this net assessment business. I think you did a very good job, and if you take what you have put in this report and what Admiral Crowe has said and expand on that, you have got a very good, I think, public net assessment of where we are on the balance, whether it is the conventional balance in Europe or looking at the strategic balance.

I might congratulate you, Mr. Secretary, on putting in the NATO defense program. I think it certainly is a very positive step, showing where we can go in this post-INF environment.

You also in your report referred to the competitive strategy package. It is my understanding that you will be coming up with a listing of some specific programs in that competitive task force strategy. Am I correct that you are going to have some programs that are going to be protected in the budget?

Secretary CARLUCCI. The programs are currently in the budget. It is a way of shaping the programs so that we focus our strengths on Soviet weaknesses. The C^3 area, for example is not necessarily a requirement for new funding.

But if we need new funding or need to reprogram, we will.

Senator QUAYLE. I understand as this thing goes on in the review process that you will be actually taking some of the things out of the competitive strategies task force?

Secretary CARLUCCI. Oh, yes, and putting them——

Senator QUAYLE. And putting them in the regular budget process. And I assume those programs that you identify will also be part of the NATO defense program. I presume that would just be logical?

Secretary CARLUCCI. Well, the current competitive strategies effort focuses on NATO. We intend to look at it in the broader arena. But as we move forward on the current effort and as those programs move into the R&D or developmental stage or even the procurement stage, obviously they would appear in the budget.

Senator QUAYLE. As you get more specific in identification of those programs with the competitive task force, I wish you would keep me and keep the committee informed.

Also, I guess it is just my thinking at this point that as those are identified, that they do in fact become part of this NATO defense program that you have identified.

Secretary CARLUCCI. The current ones should.

MANPOWER ISSUES

Senator QUAYLE. I would like to focus on the manpower issue and a concern of mine dealing with the space operation and the space program. I have recently become quite aware and interested in the severe manpower shortage that we are going to have specifically in engineers and scientists and technicians that deal with space.

I wonder if you might be willing to examine with us how we could in fact get legislation to support the training and recruitment in our education system of some of these scientists and engineers and technicians that I feel we are going to be lacking in a very critical effort as we go to the space operations, space, which you spend a very important part of our report on.

I wonder if you might comment on this. Am I correct in saying that there is going to be this demographic shortage?

Secretary **Carlucci**. There is going to be a shortage, not just in space. We are having a serious problem retaining scientists and engineers, period. We have some 72 laboratories in the Department of Defense. We had one experiment at China Lake with a flexible salary scale, which was enormously successful.

We have since been trying to convince both the administration and the Congress to apply this in a broader way, so that we can retain our scientists and engineers. There is a Defense Science Board study on this which I would be glad to make available.

RETENTION

Senator **Quayle**. I am not only just focusing on retention. I am focusing out in the education, the people that are going through the education system right now. There are reports that I have seen recently—I would be glad to share them with you.

You are seeing a real shortage of people coming through the system, not just in retention but people that are coming through the system, and what our requirements are going to be in those out years; that I think it might behoove us if we can try to figure some legislation that can work within our educational system right now to look at this problem.

Secretary **Carlucci**. This is a major concern that Secretary Bennett has addressed. I know you have seen some of his speeches. He has deplored the totally inadequate training, particularly in our high schools, in the science and mathematics area.

And unless you get that solid grounding, it is very difficult to develop them in the colleges. So I think we have a serious national problem, I agree with you.

Senator **Quayle**. I am working on some ideas—I would be glad to share them—for this authorization bill.

Chairman **Nunn**. Thank you, Senator Quayle.

Senator Wirth.

Senator **Wirth**. Thank you very much, Mr. Chairman.

Secretary Carlucci, I just wanted to add my voice to those of so many other members of this committee, Republican and Democrat, who appreciate the forthcoming nature with which you have approached this very, very difficult assignment, your working with both sides, and doing it in a way that avoids much of the partisan warfare experienced lately. I think we have kept away from that.

Mr. Chairman, I was not going to make any kind of opening statement, but there was a little revisionist history suggested earlier and I thought it ought to be pointed out just for the record that, while the statement was earlier made that the defense budget was "crammed down President Carter's throat," it was the Carter administration that began the buildup in 1978.

If we are to avoid being partisan about all of this, one shall acknowledge that the military experienced a severe decline during the Nixon-Ford years. That means nothing, of course, but just to point this at one administration or another I think makes no sense.

Carter bought more fighter aircraft in his 4 years than Reagan did in his first years, as many or more combat vehicles in his 4 years than Reagan did in his. The upgrade in military manpower started with the Nunn amendment, I believe, in 1978 or 1979. It was not a product of this administration.

Chairman NUNN. Nunn-Warner.

Senator WIRTH. I do not think it does any of us any good to throw a lot of partisan brickbats or administration brickbats one way or another.

We have an enormously difficult job to do, and I would hope that we will continue to try to do that in as coherent and as bipartisan a way as possible. And Mr. Secretary, I certainly appreciate the way in which you have approached it.

I think it has been very statesmanlike, and I look forward to working with you in the remainder of this year in fulfilling the difficult assignment that you have.

I would like to, if I might, start by asking you if you would comment on defense industries initiatives that you are undertaking. As you know, Senator Bingaman and I have been working with representatives of a very distinguished group of American companies, that we believe have in many ways gotten a very bad shake. The country has focused, for example, on the 5 percent profit side rather than the 95 percent cost side, and in many cases these industries are over-regulated and often over-amended or over-legalized by us.

And we have been attempting to develop a set of initiatives coming back to you. You met with that group about a month ago.

Would you comment on the approach that you are taking in your new stewardship of the Defense Department to clear out some of the underbrush and make sure that we are nurturing that scarce resources as we should.

Secretary CARLUCCI. Yes. Thank you, Senator Wirth. In fact, you almost gave my speech for me.

I tried to lay out our approach in a speech that I gave about a month ago in Dayton, OH, where I said there were really three pillars.

One was an emphasis on stability, and here we needed the cooperation of the Congress. We have had enormous success, as you know, with such things as multiyear programs, baselining.

All of our procurement activities built around stability have been successful, and if we can have a 2-year budget program, I think that will add a great deal.

Second, I said we need to deal more on quality. We do need to address the 95 percent that is cost instead of just the 5 percent that is profit.

There are all kinds of indications from industry that, if they get the stability that they need and we can begin to clear away some of the underbrush, streamline our procedures, avoid audit duplication, let the program manager be a program manager and let the contracting officer be a contracting officer, without letting up on our supervision of the industry then I think this can be done.

There are all kinds of indications that they can get their cost base down by very substantial numbers. And we need to work with industry on this.

The third pillar is building a new relationship with industry. While we have to have an arm's length relationship, of course, it need not be a hostile relationship.

Our defense industrial base is a national asset. We need to treat it as such. I am extremely concerned about the lack of investment, about the lack of modernization of our defense industrial base, in part because of the instability and the over-regulation that we have applied to our industrial base. So we need, once again, to work in an appropriate way with industry to see that there is the necessary investment and modernization.

Senator WIRTH. Well sir, you have the support of this committee in that endeavor. Senator Nunn, as you know, reorganized the committee a year ago and created the subcommittee chaired by Senator Bingaman, and I know that I speak for Senator Bingaman when I say we look forward to working with you and doing what we can to initiate various kinds of pilot programs or experiments to see what we can do to strengthen, rather than harass, the defense industrial base.

Secretary CARLUCCI. If I might add a word, Senator Wirth, I think that perhaps a way we can do this together is to emphasize the word "quality." We have so much focused on price, and price is meaningless unless you have quality.

As I indicated in my speech, if we can take a leaf out of the Japanese book and really begin to look at competition and everything else in terms of quality, then I think we can all come together.

Senator WIRTH. Just one final footnote on that is we are continuing funding in this budget for the semiconductor initiative, Sematech, is that correct?

Secretary CARLUCCI. That is correct.

INF

Senator WIRTH. Let me jump to INF. On page 24 of your statement, you talk about some $190 million, I think something along that line——

Secretary CARLUCCI. $198 million in fiscal year 1988 and $145 in fiscal year 1989.

Senator WIRTH [continuing]. For the funding for implementation of the INF, and all of the measures associated with that. We are going to have some significant expenses, as you know, and already have expenses for the initiatives that we are undertaking as a result of the Stockholm agreements, the various inspections and the monitoring that we are doing of the Warsaw Pact troops and they are doing of us.

One of the concerns that came out of my experience in talking to a number of our commanders in Europe was the concern that we may not be providing resources necessary to train the people for those talks. I am especially concerned about the Army Russian Language and Area Studies Training Center at Garmish.

That may be a detail that you are not familiar with, perhaps. If you are, terrific. But if not, you might ask your people to take a look at that and make sure that we are providing the kind of resources necessary for the training of the individuals who are going to be needed both for Stockholm and for INF. Are we anticipating what we are going to need for the next steps after Stockholm? Are we investing in that future?

Secretary CARLUCCI. I would be glad to, Senator Wirth. I am not familiar with the funding of the Garmish program specifically, but Admiral Crowe and I have conducted a joint review of the new on-site inspection agency for the INF Treaty, which will have some 300 inspectors that will either go back and forth or be stationed in the Soviet Union.

So we are currently going through the military services looking for Russian speakers, and that exercise seems to be going well. But you are absolutely right, if we move on to a START agreement we are going to have a vastly increased demand for Soviet speaking inspectors.

Senator WIRTH. I think we are going to have very real demands on a limited number of people, and I think we really want to pay some very close attention to that.

Admiral CROWE. We already do, Senator. We are exhausting the well.

Senator WIRTH. Well, let us look carefully at those numbers and make sure that, in terms of the training resources, we are providing what is necessary.

As a final note on that, you know of my interest in next steps after Stockholm and what other items we are planning in terms of confidence and security-building measures. Is there a working group at DOD that is looking at what next steps we ought to be thinking about?

Secretary CARLUCCI. There is a group looking at confidence-building measures. But it is generally in conjunction with our current set of negotiations with the Soviets.

There may well be a group looking at the Stockholm followup as well. I am not familiar with that group.

Senator WIRTH. Maybe your office could get back to us on that.

Again, Mr. Secretary, thank you very much for carrying on this job so well. We all appreciate it a great deal. Thank you.

Secretary CARLUCCI. Thank you.

Chairman NUNN. Senator Wirth, there is a group in our State Department, and I know they are working with the Defense Department, looking at a follow-on to Stockholm in connection with the conventional arms control plans.

Secretary CARLUCCI. On the stability talks, yes.

Senator WIRTH. I knew there was a State Department group, and a lot of this is and should include some very good people from the military, and that is what I was curious about.

Secretary CARLUCCI. I think Admiral Crowe will back me up when I say my guess is we spend as much time in DOD on arms control as the State Department does.

Chairman NUNN. I believe that is a joint team that is headed by Mr. Charles Thomas at the State Department and it also has some of the Defense people involved.

KIDNAPPING OF COLONEL HIGGINS

Mr. Secretary, I just wonder if you would like to tell us today the latest on Colonel Higgins and the position of our Government regarding that kidnapping?

Secretary **Carlucci**. Well, obviously we deplore the kidnapping. It is a very unfortunate event. We do not have a lot of information.

He was driving the second jeep in a two-jeep convoy, and the first jeep noticed that the jeep was not there. They turned around and came back and found the jeep. I met with his wife this morning, who is also a Marine Corps officer, and she is holding up very well.

We have had no contact from the putative kidnappers. According to one Journal de France Press report, some group whose name escapes me that we never heard of claimed responsibility for the kidnapping, and most people assume that it is the Hezbollah group in Lebanon, which is the same group who is holding the other hostages.

The U.N. is actively looking for him with helicopters and what forces they have in the area.

Chairman **Nunn**. Are we getting any cooperation from any of the other parties in the area?

Secretary **Carlucci**. Yes. I have seen some expressions of concern from the Amal group, Nabih Berri. The Israelis have expressed concern and offered to be of any help they can.

I am not current on what contacts we might have had, if any, with the Syrians. That would be our State Department. But I am sure they have been in touch with the Syrians as well.

Chairman **Nunn**. Admiral Crowe, I know in your statement that you talk about reorganization. Those of us on the committee who spent so many years on that would like to get your evaluation of how that reorganization is working. Could you give us the pluses?

I know you mentioned the personnel problem in your statement as a minus that needed correcting. What are the plusses as far as you are concerned about the defense reorganization?

Admiral **Crowe**. Of course, the bill, Mr. Chairman, spoke to more than just the Joint Committee. I can comment on my own position and how it has affected the Joint Chiefs of Staff, I think my control of the staff has been a step forward in efficiency, our ability to deal with the issues working quicker and perhaps in a more substantive manner, and also in resolving disagreements.

The increase in authority of the unified commanders has from my perspective been operationally another step forward. Those provisions that allow us some flexibility in the command arrangements, as in the Persian Gulf, work to our very great advantage.

Chairman **Nunn**. Could you explain that now? What is the difference in your ability in the Persian Gulf organizationally now as opposed to before the reorganization?

Admiral **Crowe**. The unified commander has the authority to tailor any kind of command setup that he desires for a specific instance or crisis or area. And in this instance, of course, it was right on the boundary between two unified commanders, and we assigned one the primary responsibility and allowed him to set up a joint task force which reports to him, which is tailored for that situation.

It has also permitted us to change as we go along.

Chairman NUNN. In other words, it has given you more flexibility?

Admiral CROWE. Absolutely.

Chairman NUNN. That was the amazing thing to me. I read a couple of articles written by supposedly knowledgeable people that stated that the Reorganization Act had imposed rigidities on our posture and organization in the Persian Gulf, which is almost exactly just the opposite, in that it gave you more authority to take steps and to shorten the chain of command, et cetera.

Is that correct?

Admiral CROWE. Absolutely. I read the same statement and it is totally wrong. It is just not the situation.

Chairman NUNN. From the unified commanders' point of view, could you tell us what they think in terms of what authority they have now that they did not have?

Admiral CROWE. That particular nuance that we were just referring to there, they are very, very pleased with. They also have a great deal more contact with the service Chiefs directly on budget matters, service matters, and more control over their components.

And incidentally, on the budget which you are addressing today, I think I can say without equivocation that there was more CINC participation in the development than any budget that we have put together, certainly in the time I have been there and I think ever.

Also, this budget has been impacted very heavily by CINC inputs.

The Secretary might want to comment on that.

Secretary CARLUCCI. I concur completely.

PERSIAN GULF

Chairman NUNN. I would like to ask either or both of you your plans for the Persian Gulf in the next 7 or 8 months. Do you have any plans for changes? We have read about some of the changes. Could you describe those and how they will affect the mission?

Secretary CARLUCCI. Let me make a general statement and then ask Admiral Crowe to describe the changes. Our operation in the Persian Gulf has been enormously successful. We just completed our 36 convoy. We have only had one incident, the first convoy, the Bridgeton. So it has worked very well.

As you are aware, I visited out there. I know members of this committee have. Morale is high among our people. They feel they are performing an important function.

Under no circumstances do we intend to weaken our capabilities in the gulf. We have a mission and we are going to maintain the capabilities necessary to carry out that mission.

Nonetheless, as this committee is well aware with changes, in the nature of the threat, whether it is mines or small boats, in the contribution of our allies both in the gulf and from Western Europe, and with the experience that we gain on the scene, it is possible to make force structure changes in the area without reducing our capability.

In each case where we have made some normal rotations or substituted one kind of a ship for another, we have explained to our allies that this does not represent any change in our policy or any weakening of our capability.

With that background, Admiral, why do you not——

Admiral CROWE. I think the Secretary has covered the main situation that our commitment is staunch and that any adjustments we have made were to do our mission better, not to change the commitment or our determination. If we have too many assets there, we ought to reduce them. If we have too few, we should increase them. And we have basically followed that pattern.

We have just recently made a command adjustment which I think will streamline it, cut down on the numbers not only of commanders, but also of flag ships, and make the whole operation more coherent and tidy.

In an attempt to be forehanded, we will be making some equipment changes, but I would prefer to discuss that in closed session, Mr. Chairman, over the next few weeks.

We are always looking ahead, trying to foresee what might be around the corner. I cannot tell whether that will be successful or unsuccessful, but that is really our primary preoccupation in trying to stay ahead of the potential threat.

Chairman NUNN. Thank you.

My time has expired. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

U.S.-OWNED/FOREIGN-FLAGGED VESSELS

A follow-on question, Secretary Carlucci. When you were up for confirmation, I specifically asked if you would meet with the owners of U.S.-owned vessels, but vessels registered in another nation or as we call it, foreign-flagged, and I appreciate you following through with that request.

But I am still concerned about much of the petroleum from that area which comes to the United States is carried in vessels owned by U.S. companies, but flying those flags of convenience.

Is there any consideration being given about the rules of engagement to perhaps in some way instill a doubt in any adversary about our willingness to protect a U.S.-owned, but foreign registered, vessel?

Secretary CARLUCCI. Senator Warner, I am scheduled to meet with some of the shipowners tomorrow.

In answer to the second part of your question, I would prefer not to discuss the rules of engagement of any contemplated changes in an open session. I would be glad to discuss it in a closed session.

Senator WARNER. I will accept that opportunity.

ASAT

Turning now to the ASAT program, last year of course the Congress—it was an unfortunate development. I resisted it as hard as I could, but anyway we cancelled the test program.

But we left in place the existing assets, and it did appear at that time to provide our Nation with some minimal antisatellite capability. But as I understand this budget now, we may be eliminating the minimal capability we have. Would you expand on that?

Secretary CARLUCCI. That is correct. For cost reasons, we decided to bring the budget down. There is an absolute limit to how long you can keep a system on the shelf without testing it, and it was our judgment that it would no longer be an effective deterrent and that was not a useful expenditure of resources.

Admiral CROWE. I have nothing to add to that, sir.

Senator WARNER. That covers my questions, Mr. Chairman.

Chairman NUNN. Thank you, Senator Warner.

Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

NUCLEAR AND CONVENTIONAL NEEDS

Just a few brief questions. As both of you know, I have felt for a long time that we have overemphasized the nuclear and underemphasized our conventional needs. It is something which we have spoken about and which I just happen to feel strongly about, and it is reflected to some extent in the fact that I have an institutional responsibility for the conventional forces on this committee.

Some of the deficiencies in the NATO posture are the result of relative to Soviet capabilities and other deficiencies are self-inflicted. I think that is a term which Ambassador Abshire used and perhaps others have used relative to it.

And by the way, I was very glad to see, Admiral Crowe, you make reference in your statement to the DOD's work on long-term competitive strategies, including enhancement and supplementing the cutting edge of NATO's existing force with terrain barriers.

It is something we have spoken about and I think is long overdue. At relatively small cost, we can enhance the deterrent with simple terrain—not so simple often, but terrain barriers in any event. So I was happy to see you focus on that.

We should address those deficiencies where they exist, try to reduce some of the threat through arms control if we can. In the central front, we want to try to address that concentration of Soviet heavy armor in Eastern Europe, and we have to do it both through what we do unilaterally through own own defense budget, with out allies and also hopefully through some conventional arms control.

What I want to focus on in this question is the proportion of this year's investment as between nuclear and conventional. I am wondering whether either one of you might be able to tell us how much of this year's investment request—that is both procurement and R&D—is allocated to the nuclear forces compared to what is allocated to conventional forces?

And the second part of the question: How would that percentage relationship compare to prior years?

Secretary CARLUCCI. In prior years it has been less than 15 percent. I would have to get back to you on the record as to what it is in this budget. We have not broken that out here.

Senator LEVIN. So we do not have that handy at this moment?

Secretary CARLUCCI. It would be less, Senator. It will be a little less.

Senator LEVIN. The investment in nuclear would be somewhat reduced and the investment in conventional up? That is a good direction as far as I am concerned, so I would welcome that.

But if you could give us the specific figures for the record.

[The information follows:]

DOD BUDGET

Secretary CARLUCCI. Even before the fiscal year 1989 budget was amended to conform to fiscal constraints, the percent of the total DOD budget allocated to strategic forces (offensive, defensive, C^3) was less than 15 percent. Strategic forces were reduced more, proportionally, than other categories of forces during the budget amendment process and now represent only about 12 percent of the total defense budget for fiscal year 1989. The rest of the defense budget is allocated to general purpose forces, defense-wide missions and support.

Senator LEVIN. Admiral Crowe in his statement said that the aim of NATO's strategy and our defense posture is "to get the Soviet level of uncertainly high enough that the Kremlin could not have the desired confidence of achieving its objectives."

The International Institute in its 1986 and 1987 edition of the military balance said—and I want to ask you, Mr. Secretary, if you agree with this statement: "The conventional military balance is still such as to make general military aggression a highly risky undertaking."

I am wondering whether you agree with that assessment.

Secretary CARLUCCI. I do not agree with it, in this sense, Senator Levin. I do not think that you can look at the conventional balance in isolation. In fact, as you are well aware, the heart of NATO's strategy is flexible response.

So I do not see how you disengage the two.

Senator LEVIN. So you think it is impossible to give us a net assessment on conventional forces alone? We have to lump the two together for a net assessment?

Secretary CARLUCCI. That would be my view. I would defer to Admiral Crowe.

If you have a regional conflict and it is a purely conventional conflict, yes. But if you are talking about some kind of a conflict with the Soviet Union, which I assume you are then I do not see how you can look at conventional forces in isolation.

Senator LEVIN. Let me ask a sharper question, perhaps. Is that net assessment, that unclassified net assessment that we are all hoping for, a number of us have requested specifically and which you have indicated you are working on and are going to try to get the comprehensive one to us as quickly as you can, but it may take a period of time——

Admiral CROWE. It will be sent this year some time.

Senator LEVIN. I understand that. But will that be a net assessment of conventional forces or overall forces?

Admiral CROWE. Currently, the effort is the balance of the Warsaw Pact and the United States. And we attempted to look at its constituent elements and at the balance in each element, and then to make some judgments on the total.

The statement that you quoted, incidentally, I think is true of all military operations. Even when you have superiority, military operations involve uncertainty, and they are risky. You should not resort to force if you are not prepared to take risks.

Senator LEVIN. I do not think they were making that as a prior statement, but rather as a statement that had some kind of a judgment in it.

Admiral CROWE. I think you are correct. It is a judgment I am not so sure I would agree with. I felt their entire assessment was a little bland.

Senator LEVIN. In 1986–1987?

Admiral CROWE. Yes.

UNFUNDED REQUIREMENTS

Senator LEVIN. My last question, Mr. Chairman, has to go with the last chart that is attached to your testimony this afternoon, about the unfunded requirements for fiscal year 1988.

You list $3.7 billion in unfunded requirements, starting with overseas station allowance, CHAMPUS, and so forth. Is it your intention, do you know, to submit a supplemental budget request?

Secretary CARLUCCI. No, sir. We would intend to take those out of current programs. In some cases, though, we are going to need the help of this committee and the Congress, such as foreign currency fluctuation. We currently have about $80 million in that account, and the bills that are going to come due are substantially larger than that—in the range of $1.1 billion to $1.5 billion in fiscal year 1988 and about $2 billion in fiscal year 1989. So we are going to need some transfer authority from the Congress in that area.

But we have, by and large, offset most of these. We are also going to need greater transfer authority in order to be able to do this. We are currently limited to $1.4 billion and we would like to have $4 billion in transfer authority in fiscal year 1988 and $3 billion in fiscal year 1989 in order to accommodate some of these requirements which frequently have been accommodated by supplementals.

In other words, this year we are eating a lot of the things that we would otherwise ask for in supplemental requests.

Senator LEVIN. Thank you.

Thank you, Mr Chairman.

Chairman NUNN. Thank you, Senator Levin.

As a matter of interest to the committee, in these overseas adjustments of the declining dollar, how long after the fact do those occur?

Secretary CARLUCCI. I think they are reviewed every 2 weeks.

Chairman NUNN. So from an individual soldier's point of view in Europe.

Secretary CARLUCCI. The cost of living allowance is reviewed every 2 weeks.

Chairman NUNN. If the mark drops—or the dollar drops 10 percent vis a vis the mark, in the 2-week pay period 2 weeks later it is theoretically made whole?

Secretary CARLUCCI. That is theoretically correct but bear in mind, if he brought his family over there at his own expense, which happens frequently, then he is going to be very much out of pocket for their costs.

Chairman NUNN. No way to make them completely whole, really?

Secretary CARLUCCI. Not under those circumstances.

Admiral CROWE. To a man living over there, it seems pretty theoretical sometimes.

Chairman NUNN. Senator Quayle.

Senator QUAYLE. Thank you, Mr. Chairman.

BLACK SEA INCIDENT

Mr. Secretary, what can you tell us about the recent bumping incident in the Black Sea?

Secretary CARLUCCI. This is one of the periodic tests of freedom of navigation, a program that was initiated in the Carter administration which involves both discussions with the Soviets and tests in areas where the Soviets, as well as other countries, are imposing requirements that under international law we view as illegal.

This particular test was not a test of their territorial waters, but of the right of innocent passage. We did such a test 2 years ago. Under international law, they had no right to attempt to impede our ships or to use force. Force is only warranted when there is a threat, and these ships were clearly engaged in innocent passage.

Our view is that unless you exercise the right of freedom of navigation, inevitably you lose it. You can always find reasons for not doing it at some particular point in time, but if we start backing off we will eventually lose some of the rights that are absolutely essential for our freedom of navigation.

Let me ask Admiral Crowe if he wants to comment.

Admiral CROWE. I have nothing to add to that.

Senator QUAYLE. Is there any doubt that this was a political decision, not a military decision?

Secretary CARLUCCI. As I recall, the Soviets indicated that they had approval from higher authority, which we assume means the political level.

Admiral CROWE. Everything on the scene would suggest they had higher authority.

Senator QUAYLE. They had a political decision. And we protested that?

Secretary CARLUCCI. Yes, sir.

Senator QUAYLE. What was the response?

Secretary CARLUCCI. Well, they protested in turn. They called in our Ambassador, we called in their Ambassador. They said we violated their territorial waters. That is not the case.

Even in territorial waters, you have the right of innocent passage.

Senator QUAYLE. Have we been in this area or tested this theory a number of times in the past?

Secretary CARLUCCI. At least once in the past, about 2 years ago.

Admiral CROWE. We have done it in a number of places in other Soviet waters, Senator. And as the Secretary said, 2 years ago we did it in a similar innocent passage test in the Black Sea.

Senator QUAYLE. And this is the first time in 2 years we have done an innocent passage test in the Black Sea, but we have done other tests in Soviet waters?

Secretary CARLUCCI. Oh, yes.

Senator QUAYLE. And we have not been inhibited in any way?

Secretary CARLUCCI. No.

Senator QUAYLE. Can we draw—do we have any political conclusions as to why now? What do you make of it? What is your assessment?

Secretary CARLUCCI. Well, my assessment is that this is a closed incident. I think the Soviets felt they needed to make some show of force, but it was minimal. And Jurosimov indicated quite clearly that current discussions and current relations would go on.

So I think it is a mistake to draw large political conclusions from this incident. I think it would equally be a mistake for us to back off from our freedom of navigation exercises.

Senator QUAYLE. We have no intention of backing off from that position?

Secretary CARLUCCI. No, sir.

START

Senator QUAYLE. Let me take this opportunity to check the pulse again on START, particularly with our conventional cruise missiles. There was a recent article, I think it was last Sunday in the New York Times, that the Soviet position has really hardened on the SLCM's, particularly the conventional SLCM's.

They are adamant that there are some limits placed on the conventional sea-launched cruise missile. Have we taken another examination? Can you bring us once again up to date on how hard is our position that there will be no ban nor any limitation on the sea-launched cruise missile?

Secretary CARLUCCI. We are very hard on this. There have been people at some levels in certain bureaucracies who have looked at this question. But Admiral Crowe, Secretary Shultz and I met on it just the other day, and we all agreed there should be no limitations on conventional SLCM's or ALCM's.

Senator QUAYLE. I wonder when we might be able to obtain a requirement, military requirement, for the long range conventional cruise missile, air-launched?

Secretary CARLUCCI. I think they are working on that at this point.

Senator QUAYLE. Admiral, I had a recent visit down to Eglin Air Force Base and was looking at trying to move—and in your budget submission, you fortunately, I think in a very good way, increase money for some programs on accuracy. But when I got down there to look at potentially some of the long-range cruise missiles, they fell back on the old traditional excuse: Well, gee, we do not have a requirement.

And I just wonder where we are on that requirement and if one might be forthcoming fairly soon.

Admiral CROWE. I think it will. I will take it for the record, Senator.

Senator QUAYLE. I would appreciate that, because I think it is a very important program, particularly as you look to the implementation on this commission on long-range integrated strategy, some of the very positive things that are in there.

And I found, traveling in Europe last week, that there was some concern about it, but 90 percent of it—in Europe, not in this country, in Europe—90 percent of it is wholeheartedly endorsed. It is 10 percent of it that I think they have got some questions about, and I think, quite frankly, the authors could have worded a few things a little bit differently.

But one of the real key things is—and I know that both of you have talked about how we can enhance some of our conventional capabilities to obtain strategic targeting and things of that sort. One of those key elements is having that long range standoff capability for our aircraft on a conventional basis.

And yet I found that one of the big excuses for not proceeding with this from the Air Force's point of view, at least at Eglin Air Force Base, was: Gee, Senator, we would like to do it, but there is no requirement; and until you tell us that there is a requirement and we get orders from higher up.

I cannot go any higher than what is before us here today. I beg you to take a look at that and see if we can get that requirement.

Thank you very much, Mr. Chairman.

Chairman NUNN. Thank you, Senator Quayle.

RIGHT OF INNOCENT PASSAGE

Secretary Carlucci, following Senator Quayle's question on that right of innocent passage, I assume that we acknowledge that right of ships in our territorial waters, is that correct?

Secretary CARLUCCI. That is correct.

Chairman NUNN. So we are not asking the Soviet Union to do anything we do not do ourselves?

Secretary CARLUCCI. Absolutely not. As you are well aware, they have intelligence collection ships sitting just 3 miles outside our shores, just outside what we claim is territorial waters. In fairness to the Soviets, they claim 12 miles.

Chairman NUNN. What about the intelligence function? Can innocent passage include intelligence-gathering under international law?

Secretary CARLUCCI. We had better ask the lawyers. All ships have intelligence capability on them, so I do not see how you could avoid it.

[The information follows:]

Innocent passage is the continuous and expeditious transit of ships on the surface through another country's territorial sea, in a manner not prejudicial to the coastal state's peace, good order, and security. Customary international law, as reflected in Article 19 of the 1982 United Nations Convention on the Law of the Sea, enumerates those actions by a passing vessel that are inconsistent with innocent passage. Among the enumerated actions is "any act aimed at collecting information to the prejudice of the defense or security of the coastal State". Obviously, this is not to say that ships must be oblivious to their operational environment. Commanding officers of U.S. Navy ships exercising the right of innocent passage are well aware of the international law restrictions on activities by ships in innocent passage, and they act accordingly.

Chairman NUNN. In other words, if the Soviets pull intelligence ships up right next——

Secretary CARLUCCI. The purpose of innocent passage has to be transit.

Chairman NUNN. It is not loitering?

Secretary **Carlucci**. I would not think you could go back and forth.

Chairman **Nunn**. Innocent passage is a means of getting from one place to the other?

Admiral **Crowe**. That is exactly right. If you gather intelligence in the process, all right. But you cannot do anything unusual in order to gather intelligence while you are engaged in innocent passage. In fact, you cannot do anything to operate out of the ordinary pattern except to go. That is it.

Chairman **Nunn**. So the point is it is reciprocal. We accord nations the same right that we demand, is that right?

Admiral **Crowe**. Yes, sir, we do.

Chairman **Nunn**. We have some disagreements with our neighbor to the north, immediate north, on this area, with Canada.

Secretary **Carlucci**. That has been resolved.

Chairman **Nunn**. It has been resolved?

Secretary **Carlucci**. Yes, sir.

Chairman **Nunn**. Well, we will get into that another day.

Senator Quayle, unless you have other questions, I think we will thank the Secretary and Admiral Crowe for their very helpful testimony and we look forward to a continuing dialogue. I am sure we will have matters come up that we will need to consult on as we go along.

Thank you very much.

[Questions for the hearing record with answers supplied follow:]

Questions Submitted by Senator John Glenn

SMALL ICBM PROGRAM

Senator **Glenn**. Secretary Carlucci, I was glad to see that the budget submission includes at least some funding for the Small ICBM Program. I don't believe the $200 million requested is enough to meet your "efficient acquisition" priority requirement you addressed in your statement, but I will come back to that later.

First, in your statement you indicate that you believe the Small ICBM is not cost effective; that the Peacekeeper rail garrison concept is ". . . far more cost effective than Midgetman . . .".

I would like to know if your analysis of cost effectiveness is based on cost to build and deploy a warhead or on the cost to build and deploy a survivable warhead? Also, has any cost comparison been made of the cost to support an alert warhead between MX, Trident and Small ICBM?

Secretary **Carlucci**. Since we are confident that we would get sufficient warning to disperse both the Small ICBM and Peacekeeper rail garrison system prior to a Soviet attack, our cost effectiveness anlysis considers the two systems to be equally survivable. Thus, the costs per survivable warhead for the two systems are in the same ratio as their costs per deployed warhead. When the acquisition costs for 500-warhead programs are compared, Small ICBM is three times more expensive than Peacekeeper rail garrison. If the Small ICBM program were reduced below 500 warheads, as some have suggested, total investment costs would be reduced, but the cost per warhead would be even more unfavorable.

Operations and maintenance costs for Small ICBM are also close to three times greater than similar costs for Peacekeeper Rail Garrison. Thus, the cost ratio between the two systems remains about the same (3:1) when operating costs are considered.

Senator **Glenn**. Regarding the $200 million requested for Small ICBM development, I would like to know if that is enough money to keep the development infrastructure in-place and the program moving forward so that the next administration will in fact have a viable program. Also, would you provide for the record various program alternatives if additional money was provided.

Secretary **Carlucci**. The $200 million is sufficient to keep a critical portion of the Small ICBM development infrastructure in-place. We will continue development work on the common launch control console, the third stage motor, the post-boost vehicle, and the guidance and control system—portions of the program that have particularly promising applications for our existing ICBM force. Flight test planning would also continue. We will conduct a reduced basing development effort, including construction of at least one hardened mobile launcher test unit.

If additional money were appropriated by Congress, we would most likely proceed further with preparations for the flight test program, conduct a full basing development effort, and add back the development work on the weapon control system.

START AGREEMENT

Senator GLENN. As you know quite well, the Soviets have both a road and rail mobile ICBM system. If under a START agreement the Soviets retain these systems and the United States is limited to approximately 6,000 weapons, from a purely military point of view, what kind of land and sea-based ballistic weapons mix would you recommend?

Admiral CROWE. Developing and fielding mobile, survivable strategic forces remains one of our highest priorities in the strategic modernization program. Deterrence in a future, START-constrained environment, however, entails dealing with a wide range of issues. [Deleted.] Survivability, readiness, flexibility, controlability, stability, cost effectiveness and the ability to inflict unacceptable damage against the assets and institutions that the Soviets hold most dear are all ingredients of the same deterrent equation. The great value of our strategic triad is that it gives us a balance of these qualities.

Continued strategic modernization under the several constraints of a reduced defense budget is complex, but essential, and will require carefully thinking through the implications of START as well as the promise held by future strategic offensive and defensive weapons programs. The Joint Staff is presently analyzing these factors and providing their assessments to me so the Joint Chiefs can provide appropriate military advice during the treaty negotiation process.

[Deleted.]

PERSIAN GULF

Senator GLENN. Secretary Carlucci, we have now been escorting reflagged Kuwaiti tankers in the Persian Gulf for over 6 months. Attacks on shipping by both Iran and Iraq have continued at a high level with January setting a new record.

Although I was skeptical of the administration's reflagging policy, once a commitment to provide escorts for the 11 ships was made, I have supported every effort to do it right.

My question concerns where we are now and where we are going. Your predecessor, Secretary Weinberger, briefed this committee that protecting Kuwaiti ships with U.S. forces was a limited signal of our determination and not an open-ended commitment.

My concern, which is shared by many, is when do we know we have won? What are our objectives and when do we know we have achieved our objectives?

Secretary CARLUCCI. The response to that question is quite simple. We will know that we have won when Iran stops attacking non-belligerent shipping in the gulf. The best hope for that to occur is when we have successfully persuaded Iran to comply with UNSC Resolution 598 which calls for a negotiated settlement to the Iran-Iraq War. The scale of our force structure is another matter. It is quite possible that we might be able to reduce our presence in the gulf if the threat is minimized. Ultimately, we would like to return to some level of force structure similar to that which existed prior to the Iran-Iraq War. However, until the two belligerents are able to achieve a negotiated settlement, it is doubtful that we will be able to return to that pre-war force level.

DEFENSE SPENDING

Senator GLENN. Secretary Carlucci, I find your chart number 7 to be most revealing. (Could we put it up again.) In your statement you conclude that "real defense acquisition efficiency can only proceed from a stable and predictable funding pattern." That obviously is not a very "stable pattern".

Since your were in DOD during the peak budget year (13 percent real growth) and now back again at the lower end (4 years of negative growth), I would be very interested in your comments on how we could provide more stability in DOD funding. For example, I have believed for some time that steady growth at a moderate rate was much more important than the wild swings shown here (assuming peacetime).

Suppose the Congress had offered the Reagan administration 3-6 percent real growth for 4 years—no more, no less, would you have taken the deal? Finally, suppose the Congress agrees to 2 percent real growth for fiscal year 1990 and fiscal year 1991, what kind of impact would that have?

Secretary Carlucci. I would certainly accept that growth level for the last 4 years. As I stated in my opening remarks, I would like to have a budget longer than 2 years because the added stability will make us that more efficient. I have, in the past and will continue in the future, to urge the Congress to support us in putting defense funding back on track in order to avoid the mistakes of the 1970's. Approval of 2 percent growth for fiscal year 1990 and fiscal year 1991 will certainly begin to reverse the trend of the last 4 years.

PROGRAM TERMINATION

Senator Glenn. Could you please provide the rationale for the termination of the following programs: Mortar, 120mm; A-6F aircraft; Naval airship; and AGM-130.

Secretary Carlucci. *Mortar, 120mm.* The Army had planned procurement of 4,000 120mm mortars. They were to replace existing 4.2" mortars in heavy divisions and in the 9th Infantry Division (motorized). Sixty-three mortars would have been towed versions for the 9th and the remainder were to be mounted on M-106 tracked mortar carriers (none were programmed for the Light Infantry Divisions).

The cost of the mortars is small compared with the cost of the ammunition. The total costs programmed for fiscal year 1988-92 was to have been about $150 million for the mortars, and almost $700 million to replace existing stocks of 4.2" ammunition. In the context of the total firepower available to heavy divisions, the range and lethality increases for the 120mm mortar did not justify the expenditures for the weapons and the replacement of existing ammunition stockpiles.

The Army will continue to use the existing 4.2" mortars rather than replacing them with 120mm mortars.

A-6F Aircraft. In fiscal year 1988 Congress appropriated $609.9 million for procurement of 12 A-6F aircraft. However the authorization committees explicitly terminated the A-6F program, directing instead the development of either an A-6F upgrade program or procurement of 11 A-6E aircraft.

In view of this conflicting language, the differing concerns of the Appropriations and Authorization Committees, and concomitant fiscal constraints, we are currently considering incorporation of new technologies and capabilities into existing A-6E aircraft. Accordingly we have cancelled the A-6F and are evaluating an A-6E upgrade effort. Such a program would allow us to capitalize on our R&D investments in the A-6F program while minimizing the cost to obtain that upgraded capability. The upgraded aircraft may incorporate into existing A-6E airframes some elements of our development efforts along with the current Software-Weapons Integration Program (SWIP).

We are continuing to deliberate the content of that upgrade program as well as the long term affordability. We expect to finalize our position on possible A-6 upgrade efforts as soon as we determine how it can be accommodated within the soon-to-be revised fiscal year 1990-94 5 year defense program.

Naval Airship. This program developed a demonstrated model of an advanced technology airship for use with Navy task forces. Based on the Navy's recommendation, the program was cancelled in fiscal year 1989. A follow-on program to fully develop and acquire an airship fleet would be a multibillion dollar effort and was not funded. This program would have had to compete with other programs for development and procurement funding. Based on consideration of the current funding difficulties in the Aircraft Procurement Appropriation, the airship program became unaffordable and was terminated.

AGM-130 Air-to-Ground Munition. Only the procurement portion of the U.S. Air Force's Surface Defense Suppression program (AGM-130) was terminated in our fiscal year 1989 budget submission due to initial developmental problems which made fiscal year 1989 production infeasible. However, RDT&E funds were actually increased to allow development and testing to proceed with the goal of evaluating this system against other systems in development. This approach is consistent with the language on Joint Standoff Weapons contained in the fiscal year 1989 Budget Conference Report (HR100-498 dated December 22, 1987). The Department is currently evaluating weapon developmental systems for duplication and will provide the results in a multi-Service Standoff Weapons Master Plan by April 30, 1988 as requested. If AGM-130 is terminated as a result of this review, the combat capability will be provided via Air Force procurement of the system (or systems) judged to be more effective.

PROGRAM DEFERRALS

Senator GLENN. Please provide for the record the rationale for the deferral of the following programs: MK-48 ADCAP; MK-50 Torpedo; Vertical Launch ASROC; and SV-22.

Secretary CARLUCCI. *MK-48 ADCAP.* The President's original fiscal year 1988/1989 budget requested procurement of 350 MK-48 ADCAP torpedoes in fiscal year 1989. Due to fiscal constraints, this procurement quantity was reduced to 261 units as part of the Navy and DOD review of the fiscal year 1989 budget. This reduced quantity will provide a more efficient build-up in the procurement rate as a second source producer is brought into the program.

MK-50 Torpedo. The MK-50 Torpedo program was restructured due to an underfunded Full Scale Development (FSD) contract and contractor delays in translating torpedo algorithms into software. The underfunded contract resulted in the earlier decision to reduce RDT&E torpedo quantities and supplement them with production torpedoes for OPEVAL; this was not conducive to a viable program. The restructured program contains the following elements: FSD extended by 21 months; All FSD torpedoes funded in RDT&E; Contract with Honeywell (prime contractor) renegotiated to Cost Plus Incentive Fee with a firm ceiling price; and Westinghouse selected as a second source contractor.

Vertical Launch ASROC (VLA). The VLA Program was deferred for both financial and operational reasons. Under the original schedule, the Initial Operational Capability (IOC) for VLA with a MK-46 torpedo payload was [deleted]. IOC with a MK-50 payload was [deleted]. Due to budgetary constraints and the desire to accelerate fleet introduction of the MK-50 VLA variant, the decision was made to cancel development of the MK-46 VLA variant. This resulted in a savings of $40 million in RDT&E and moved up the IOC of the MK-50 variant to [deleted]. The decision was not made due to any problems associated with VLA testing to date nor to insufficient MK-46 torpedoes to accommodate the ASROC requirement. This plan does result in a 2-year delay in achieving an intermediate range ASW capability. This shortfall is more than offset by the financial and operational gains, however.

SV-22. During our review of the original fiscal year 1988/1989 budget, approval was granted to proceed with the SV-22 program, subject to further review of the cost-effectiveness of the proposed program. The Navy has deferred further preparation of program justification material pending development of applicable tactics. Accordingly, funding for the program was deleted from fiscal year 1988 and fiscal year 1989 during the recently completed review of the amended fiscal year 1989 budget. Restoration of funding will be considered when the Navy completes additional program justification material.

VERTICAL LAUNCH ASROC

Senator GLENN. The budget defers initial procurement of the Vertical Launch ASROC (anti-submarine rocket) program. Isn't the restructured program back on schedule with three completely successful flight tests?

What are the plans to accommodate the fleet requirements for the intermediate range antisubmarine ASW capability during the interim period?

Are not adequate MARK 46 torpedoes available as the payload to accommodate the ASROC requirement?

How many ships are currently at sea with the VL system installed, but no rocket available for the immediate range revision?

How many ships will be deployed before the ASROC requirement is met under your proposal to defer initial procurement?

Secretary CARLUCCI. The VLA program was deferred for both financial and operational reasons. Under the original schedule, the Initial Operational Capability (IOC) for VLA with a MK-46 torpedo payload was [deleted]. IOC with a MK-50 payload was [deleted]. Due to budgetary constraints and the desire to accelerate fleet introduction of the MK-50 VLA variant, the decision was made to cancel development of the MK-46 VLA variant. This resulted in a savings of $40 million in RDT&E and moved up the IOC of the MK-50 variant to [deleted]. The decision was not made due to any problems associated with VLA testing to date nor to insufficient MK-46 torpedoes to accommodate the ASROC requirement. This plan does result in a 2-year delay in achieving an intermediate range ASW capability. This shortfall is more than offset by the financial and operational gains, however.

There are currently seven ships at sea with VLA capability, and there are projected to be 49 VLA-capable ships in commission when VLA (MK-50 variant) achieves IOC.

MANPOWER STRENGTH LEVELS

Senator GLENN. Would you please comment on the process you used in determining the active-duty strength reductions and give us a feel for what portion of the cuts are directly related to down sizing force structure?

Secretary CARLUCCI. I share your resolve that we shall not recreate the hollow force structure that existed in the late 1970s. The budget which we recently submitted outlines a balanced approach to accommodate more than $53 billion in reduced spending in fiscal years 1988 and 1989. During that painful process, we emphasized people programs, readiness and efficient acquisition. Force structure reductions—along with program terminations and deferrals, reduced research and development, and end strength cuts—financed those priorities. The Army plans to deactivate a brigade of the 9th Light Infantry Division and the ROLAND Air Defense Unit, rephase the activation of the 6th Light Infantry Division, and eliminate 450 utility helicopters. The Navy plans to stand down their 14th air wing, retire 16 frigates, decommission Poseiden submarines as Trident submarines come on line, and decommission one SSBN that was scheduled for overhaul. The Air Force will reduce its structure from 38 equivalent tactical fighter wings to 36, reduce two active tactical airlift squadrons and deactivate the tactical air control system helicopter mission. The Marine Corps plans no force structure reductions below those levels specified in law.

These force structure adjustments will yield approximately one-third of the Department's total manpower reductions. We will continue to balance our fiscal year 1988 and fiscal year 1989 reduction programs during the development of the budget for fiscal year 1990/1991. We have begun that process with the same priorities as mentioned earlier, in full recognition that we face greater risks to national security today than we did in the hollow force era of the 1970s, and that the costs to rebuild such a force will be no more affordable in the future than they are today. For that reason, we ask your continued support for the modest 2 percent real growth we have budgeted for each year through fiscal year 1993.

OFFICER STRENGTH

Senator GLENN. Are you confident that any analysis you do on the issue of officer reductions will be objective, and can you assure us at this time that your analysis will take into account the overall active duty strength cuts you propose in fiscal year 1989 so that those cuts will not fall disproportionately on the enlisted force.

Secretary CARLUCCI. The Department of Defense has completed a comprehensive study of officer growth from fiscal year 1980–1986. I believe that study, which GAO observed fully, is both valid and objective. Major findings include: the services requirements determination process are thorough and rigorous; 77 percent of the officer growth contributes directly to combat or combat support capability; further reductions would seriously degrade combat capability and; OSD should (and has already begun to) enhance its oversight of military requirements.

Of the 7,733 spaces not validated by the study, two major reasons were found: officer billets were authorized where civilians were more appropriate and budget authorizations were not utilized as programmed. The services will be instructed to realign their officer structure to the results of the study and to modify their manpower management systems to align program execution with programmed budget categories. The Department has, thus far, been reduced by 8,819 officers; 6,176 from the baseline and 2,643 from the program—over 1,000 more than the DOD study has identified as lacking in validity.

In regard to the second part of the question (fiscal year 1989) reduction, I am issuing guidance to the military departments to execute these reductions in a balanced fashion consistent with this study and with fiscal year 1989 force structural changes. These issues will be addressed during our summer review of POM 90.

GUARD AND RESERVE READINESS

Senator GLENN. An area that I am concerned about is how well the Department of Defense is integrating the Guard and Reserve into the total force. I am especially concerned about the readiness of Army combat support and combat service support units. We got into this last year, and recent reports still indicate that 55 percent of our Army's combat support and combat service support units are not combat ready. This leads me to wonder if we have gone too far, too fast in assigning missions to the Reserves. Did you factor this into decisions you made with regard to actions which you recommend with regard to the Guard and Reserve in the revised budget authorization you have submitted?

Secretary Carlucci. In the short time period which was available to consider and to decide on budget reductions during the formulation of the Department's amended fiscal year 1989 budget request, we did not specifically address the question of whether we have generally gone too far, too fast, in assigning missions to Reserve forces. We did consider the impact upon Reserve forces of certain specific budget recommendations made by the services. As a practical matter, that question is continuously addressed in the dynamic process of POM review and program management where the current readiness condition of Guard and Reserve forces and their capacity to successfully perform new missions are specifically considered. My own view is that the answer to the question depends upon what specific mission and Reserve unit is under discussion. There were no mission transfers from the Army Active component to Reserve components reflected in any of our determinations.

Senator Glenn. Can you describe to us in general what your plans are for the Guard and Reserve structure in your revised budget submission?

Secretary Carlucci. The Department's budget submission contains three force structure changes which specifically affect the Guard and Reserve. They are the deactivation of the Army Guard "Roland" Air Defense Unit in New Mexico which will be replaced with a "Chaparral" Air Defense Unit, the reduction of aircraft in Air Guard and Air Force Reserve fighter squadrons from 24 aircraft to 18 aircraft per squadron, and the conversion of an Air Guard RF-4C reconnaissance squadron to a C-130 tactical airlift squadron.

FISCAL YEAR 1989 DEFENSE AUTHORIZATION REQUEST

Senator Glenn. Another area we got into last year was medical readiness. Shortfalls in Reserve medical manpower are virtual war-stoppers. Figures we got last year indicate the Reserves are short 56 percent of general surgeons, 67 percent of anesthesiologists, 72 percent of orthopedic surgeons, 52 percent of operating room nurses, and 57 percent nurse anesthetists. In addition, the Reserves are short by 73,000 enlisted health providers. We provided compensation and other authorities in the Defense Authorization Act we passed last year to help you work this problem. I bring this issue up because it has a direct effect on combat readiness. That is the bottom line and I hope you will give this priority.

Secretary Carlucci. The various provisions included in the Defense Authorization Act for fiscal years 1988/1989, to which you refer, should assist the Department in reducing the health care manpower shortages you mentioned. I want you to know that the Department appreciates the efforts of the Congress to eliminate obstacles to the enhanced recruiting and retention of medical personnel. This area is indeed a high priority of mine and of Dr. Mayer. He will give you more specific details later about recent initiatives he has undertaken to further reduce the medical shortfalls.

Questions Submitted by Senator Richard C. Shelby

ADATS SYSTEM

Senator Shelby. Do you feel that the ADATS system chosen should be tested in a realistic terrain-masking environment against invading helicopters before we proceed to procurement?

Mr. Carlucci. The ADATS system is expected to undergo a comprehensive operational test and evaluation in a realistic mission environment. A major critical operational issue to be addressed during ADATS testing is to determine whether this system can in fact provide low altitude air defense for maneuver forces and other critical assets while operating within range of direct and indirect fire from threat forces. Realistic flight profiles of threat helicopters and fixed wing aircraft will be developed as the key to the testing. Plans are presently being formulated to carry out a battalion level test which employs a platoon of ADATS opposing forces involving up to six each attacking helicopters and fixed wing aircraft. The test is currently planned to be conducted at our Hunter-Liggitt facility and will try to simulate the type of mission and engagement profiles that our forces are likely to face. Since, we agree that rigorous operational testing should be done before major procurement decisions are made, we have laid out an acquisition program which proceeds in measured steps. Preproduction qualification testing will initiate the test sequence. This will be followed by operational tests, as described above, and by production qualification tests. These will be completed before a full scale procurement decision is made. Other tests and evaluations will run as we proceed through the acquisition process and as they are clearly required. Our intent is to minimize the risk of acquiring a system that does not meet requirements.

FOG–M

Senator SHELBY. In regard to FOG–M—Would it not be best to continue the highly successful and cost effective program by which the Army Missile Command RD&E Center, using a group of small contractors, developed and demonstrated the FOG–M system, rather than bringing on additional development and production contractors?

Mr. CARLUCCI. As you know, the MICOM RD&E center has done an outstanding job of developing the FOG–M to date. Their skill and expertise in defining system specifications and in developing prototype missiles will be a vital part of the process leading up to the introduction of FOG–M into our force structure. We fully expect that RDEC will continue to be part of the plan for system acquisition. As you also know, however, we are still trying to formulate an effective acquisition strategy for this system. In the budget revision just completed, we felt that entering full production with the initial system was premature given its level of development. So we opted to reorient the program to develop a more capable system (one with greater range, day/night operations, variable speed, et al.) and to strive for an earlier fielding date. We want to be sure that the potential of FOG–M as an air defense as well as an antiarmor weapon is fully exploited. MICOM RDEC will play a key role in transferring the technology they develop to industry prior to entering production. Thereafter they will continue to further develop the system and assist the contractor in incorporating the latest enhancements.

SDI

Senator SHELBY. As a result of the cuts in the SDI program many programs received reductions in funding for fiscal year 1988. Is DOD going to maintain a balance between near-term and far-term technologies?

Secretary CARLUCCI. The SDI program continues to be a balanced research effort. An underlying principle of the program is that progress in the more mature technologies must be accompanied by corresponding progress in advanced technologies. This is necessary for a strategic defense to maintain it's effectiveness against a responsive threat and to increase defense effectiveness. Thus, the research effort is directed at not only technologies associated with a first phase of deployment, but also the follow-on phases. The SDI budget continues to reflect such balance.

ANTISUBMARINE WARFARE

Senator SHELBY. I would like to get your comments regarding the emphasis that the DOD budget has put on antisubmarine warfare capabilities for fiscal year 1989.

I ask this for two reasons:

1. The Projection Forces and Regional Defense Subcommittee, upon which I serve determined ASW to be its number one priority in fashioning the fiscal year 1988 budget.
2. As the Toshiba affair has pointed out—Soviet ability to quiet their submarine fleet has increased substantially.

Secretary CARLUCCI. I would agree that the Soviet Navy has shown a trend to much quieter submarines. This means we must search aggressively for ways to combat the quieter submarine force we will face in the future. To that end, the Department has pursued a strong research and development program. Some of the programs are coming to fruition in the fiscal year 1989 budget request while others will remain in research and development and phase in over several years.

A major element of our program to meet the challenge of the quieter Soviet submarine force will mature this year, that is the SSN–21 Seawolf class of submarines. We are requesting the first SSN–21 in the fiscal year 1989 budget. This submarine will make a major contribution to maintaining a favorable ASW balance.

Overall, I am pleased with the emphasis on ASW we have been able to retain in the amended fiscal year 1989 budget. I think we have struck a good balance among procuring new systems such as the SSN–21, continuing research and development for future systems, and operating existing systems such as maritime patrol aircraft, undersea surveillance systems, submarines and surface combatants. We continue to emphasize ASW programs and devote a substantial portion of our resources to this vital mission. I believe we are giving this critical area the high priority that it clearly deserves.

INF TREATY

Senator SHELBY. The INF Treaty that the President is asking for the Senate's consent highlights our need for modernization of our conventional forces.

Moreover, the Commission on Long-Term Integrated Strategy has emphasized the immediate need for precision conventional guided weapons. In spite of this, the only conventional weapons programs that we have, the Navy 5 inch and the Copperhead Guided Projectiles have been eliminated from the budget.

With this priority in mind, why did you decide to eliminate the programs from the budget?

Admiral CROWE. Elimination of these two projects is a reality of decreasing DOD budgets. In the case of the 5 inch projectile, Congress chose not to appropriate funds for fiscal year 1988. The Navy took action to terminate the project contracts and did not request funds for the project in the fiscal year 1989 amended budget submission. The Copperhead decision was to leave the current inventory of Copperhead I at approximately 18,000 rounds and wait to procure the more capable Copperhead II in the fiscal year 1992 timeframe. The Army simply could not afford to fund both continued procurement and product improvements.

There are several precision guided conventional munitions already part of the operational inventory. Hellfire, Skipper, and Maverick are representative. Elimination of the Navy 5 inch projectile and the Army Copperhead does not eliminate our precision conventional capability.

QUESTION SUBMITTED BY SENATOR JOHN W. WARNER

ARMY INTELLIGENCE SUPPORT ACTIVITY

Senator WARNER. Late last month, a report was delivered to the SSCI and SAC concerning whether there was need for the continued existence of the Army's Intelligence Support Activity. Will you give your personal attention to our request for this report and have it provided to us as soon as possible.

Secretary CARLUCCI. The Secretary of Defense and the Director of Central Intelligence agreed with Senators Nunn, Warner, Boren and Cohen on Friday, 26 February, that the subject report would not be released to the Senate Armed Services Committee. The report is, however, available for review by SASC staff in the offices of the Senate Select Committee on Intelligence.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

ICBM MODERNIZATION

Senator THURMOND. Secretary Carlucci. You indicate in your report that you recommend cancellation of the Small ICBM program for affordability reasons. Are there any circumstances, including a START regime, where you foresee our being able to afford the Small ICBM program?

Secretary CARLUCCI. As you know, the Department was faced with the harsh necessity of cutting $33 billion from the fiscal year 1989 Defense budget and an additional $300 billion in budget projections through 1993. The magnitude of these reductions dictated that the Department go well beyond merely slowing the pace of programs to make them affordable on an annual basis. In order for the Small ICBM to become affordable, and I question that premise seriously: (i) its costs must go down significantly; or, (ii) the trend in defense outlays will have to increase markedly in the near future and remain high for some time to come.

Senator THURMOND. What is your assessment of the contribution of the Small ICBM program to the strategic balance, given that we continue to deploy the MX in rail garrison, the D–5, and the modern bomber force? Is strategic stability maintained in the absence of a mobile Small ICBM?

Admiral CROWE. We believe strategic stability will be maintained in the absence of a mobile Small ICBM, provided a fully modernized triad exists. This would include deployments of Peacekeeper in silos and rail garrison (RG), Trident SSBNs with the Trident D–5 missile, and a bomber force consisting of B–1B and B–2 aircraft. This force will give the necessary diversity and military capability to effectively deter the Soviets.

Most of the desired features of the Small ICBM (mobility, survivability, endurance, stability) are being presently provided by the Poseidon and Trident SSBNs at sea and, in the case of land-based systems, can be more affordably provided by the Peacekeeper in the RG basing mode. The SSBN fleet is highly survivable and provides a very stable leg for our strategic triad. The Peacekeeper in RG basing mode would be able to disperse on strategic warning into the national railroad network, increasing its survivability, endurance, and, correspondingly, overall crisis stability.

While deployment of the Small ICBM in the hard mobile launcher would further enhance overall force survivability and endurance, it would do so at a relatively high cost. Based on the additional cost in a tightly constrained budget environment, the Joint Chiefs have concluded that the cost differential would require a diversion of funds from other critical strategic and conventional military programs.

We do believe, however, it is prudent to keep the option open of pursuing its deployment at some future date.

PENETRATION AIDS

Senator THURMOND. We have been told in past years about the serious potential for a Soviet ABM breakout, and have therefore supported the development and deployment of penetration aids to maintain the effectiveness of the ICBM force. Does the threat of a Soviet ABM breakout still exist, and if so, how do you account for the cancellation of the Minuteman penetration aids program?

Admiral CROWE. The threat of a Soviet ABM breakout still exists, especially given their continued construction of large phased array radars including the one located at Krasnoyarsk and their previous testing of transportable components for a land-based ABM system. An upgraded Minuteman III penetration aids system would have addressed the improved Moscow ABM system (projected operational in the late 1980s) and provided the United States a production capability to respond quickly if the Soviets did breakout of the ABM Treaty. Due to current fiscal constraints within our projected defense budget, we have had to make difficult trade-offs and accept the associated increased risks. Our decreasing penetration effectiveness against imminent ABM improvements and the potential for Soviet ABM breakout are two of those risks.

SDI

Senator THURMOND. Does the level of funding proposed for the SDI continue to strike a balance between technologies being pursued in Phase 1, and advanced technologies? Also, what effect has the reduced budget levels in fiscal year 1988 and fiscal year 1989 had on the schedule and risk associated with a Phase 1 full scale development decision?

Secretary CARLUCCI. The SDI Program continues to be a balanced research effort. An underlying principle of the program is that progress in the more mature technologies must be accompanied by corresponding progress in advanced technologies. This is necessary for a strategic defense to maintain its effectiveness against responsive threat. Thus, the research effort is directed at not only technologies associated with a first phase of deployment, but also the follow-on phases. The SDI budget continues to reflect such balance.

The funds appropriated for the SDI program in fiscal year 1988 were about $1.6 billion less than requested. Because of that reduction there has been a significant amount of replanning, and several projects have been cut back severely from previously planned levels. The revised budget request for fiscal year 1989 is also significantly less than previously planned. That revision is intended to present a funding request which is both necessary for SDI research progress and also in concert with the overall reduction in the top line for the defense budget. The effect of these budgetary changes will be to delay potential decisions on entering full scale development of a strategic defense system by 1 to 2 years.

RAIL GARRISON MX

Senator THURMOND. Some have expressed concern about the dependence of rail garrison MX on strategic warning. Specifically, they worry about the survivability of the system in a bolt out of the blue attack, and about the stability implications of deploying the system out of garrison in the event of strategic warning indicators. As a military commander, how do you assess these concerns?

Admiral CROWE. First of all, I am confident we would have sufficient warning to disperse Peacekeeper trains out of garrison prior to a Soviet attack. In the most realistic of scenarios, the Soviets would have to go through an extensive, very recognizable build-up prior to conducting an attack against the U.S. Triad. These preparations would be detectable. Additionally, in normal peacetime conditions, the missiles will be kept on alert and launch capable while in their secure garrisons at existing military installations.

With regard to the implication that deploying trains out of garrison in a period of increased tension is destabilizing, my view is deployment would have a stabilizing effect on the international situation. Should the world situation deteriorate to the point that an adversary might consider attacking the United States with nuclear weapons, the force would disperse for enhanced survivability and provide a very visable "show of force" capability in the ICBM leg of the Triad, similar to generating our nonalert bombers and SSBNs.

STRATEGIC FUNDING

Senator THURMOND. Secretary Carlucci, since 1981, the strategic modernization program, including the operation of strategic forces, has taken up less than 15 percent of the annual Department of Defense budget. Does the amended budget for strategic modernization continue this same percentage share of the total DOD budget?

Secretary CARLUCCI. Even before the 1989 budget was amended to conform to fiscal constraints, the percent of the total DOD budget allocated to strategic forces (offensive, defense, C^3) was less than 15 percent. Strategic forces were reduced more, proportionally, than other categories of forces during the budget amendment process and now represent only about 12 percent of the total defense budget for fiscal year 1989.

SPACE LAUNCH SUPPORT

Senator THURMOND. In the past 2 years, the committee has been asked to deal with significant shortfalls in the funding required for space launch support. This has been due, in part, to the evolution of requirements following the Shuttle disaster, and the failure of several boosters. Does the amended fiscal year 1989 budget include all of the funds needed to support our space launch requirements, and what priority do you attach to this effort?

Secretary CARLUCCI. Yes, the amended fiscal year 1989 budget includes all of the funds needed to support our space launch requirements as currently defined. I consider this effort one of the highest priority items in the DOD budget.

SMALL MOBILE ICBM

Senator THURMOND. What was the recommendation of the Air Force and the Joint Chiefs concerning funding for the small mobile ICBM? Was your recommendation more or less than that in the budget request and how much more or less?

Admiral CROWE. While deployment of the small ICBM in the hard mobile launcher would further enhance the survivability and endurance of our nuclear deterrent forces, it would do so at a 15-year life-cycle cost approximately $30 billion higher than the Peacekeeper in rail garrison basing. Based on this additional cost and the deep reductions in future defense funding growth, the Joint Chiefs have concluded that the cost differential would require an unacceptable diversion of funds from other critical strategic and conventional military programs. The Air Force recommended zero funding for the Small ICBM program. The amended budget funding level of $200 million to maintain the program as a future option is supported by the Joint Chiefs of Staff.

MANPOWER IMPACT OF SMALL MOBILE ICBM

Senator THURMOND. Mr. Secretary, the Air Force has been directed to reduce its endstrength by 25,000 personnel. What are the manpower requirements for a force of 500 small mobile ICBM's, and what further impact will that have on the tactical Air Force?

Secretary CARLUCCI. We estimate that about 8,500 military and civilian workers will be needed to operate a force of 500 mobile ICBM's based at three Minuteman wings. Of these, about 6,000 would be under the Strategic Air Command, with a third of these for operations of the hardened mobile launcher.

As you know, I've recommended that we terminate the Small ICBM after fiscal year 1989. If the program were to continue, however, and manpower ceilings were not reassessed, other programs would be affected. At this point, it is difficult to assess the impact of Small ICBM manpower requirements in the 1990s on other parts of the Air Force, including the tactical Air Force. It might be possible to meet some of the Small ICBM requirements with manpower freed up by the retirement of other systems.

WARHEAD SURVIVABILITY

Senator THURMOND. How does the survivability of rail garrison MX warheads compare to small mobile ICBM warheads under the various strategic air command attack scenarios? Would you provide for the record the cost per warhead differential for small mobile, in other words, how much does each additional warhead cost when life cycle costs of the two systems are compared?

Admiral CROWE. The survivability of both the Peacekeeper rail garrison (RG) and Small ICBM in hardened mobile launcher (HML) basing systems depends on a number of variables within each attack scenario. For example; the warning time available for dispersal, the operational status of those missiles which are deployed, the quality of the intelligence available to the operational commander in a crisis situation, the final concept of operations for each system when it is deployed, and the readiness posture of the deployed forces.

Both mobile ICBM systems are extremely survivable under their individual planned operations concepts. Peacekeeper RG would disperse over a wide area (across 120,000 miles of track) on strategic warning. Small ICBM would disperse over more than 25,000 square miles with [deleted] of tactical warning, and could also disperse on strategic warning. Both are virtually unattackable under these conditions. The survivability of both systems increases as the time of dispersal increases, thereby presenting an almost impossible targeting dilemma for Soviet planners. Even under a worst case, extremely unlikely "bolt out of the blue" scenario, both systems are capable of prompt launch from garrison or dispersal point. Therefore, both systems provide the requisite survivability to accomplish their missions given the anticipated threat, and contribute to significantly improved deterrence.

In response to the second part of your question, assuming a deployed force of [deleted] for each system, the following 15 year life-cycle costs (then-year $) are provided:

[In billions of dollars]

Small ICBM:	
Acquisition costs	36.4
Operations and support costs	7.5
Total	43.9

[Deleted.]

[In billions of dollars]

Peacekeeper RG:	
Acquisition costs	10.4
Operations and support costs	3.0
Total	13.4

[Deleted.]

QUESTIONS SUBMITTED BY SENATOR WILLIAM S. COHEN

CINCSOC'S PARTICIPATION IN THE BUDGET PROCESS

Senator COHEN. What role does the Commander of the U.S. Special Operations Command (USSOCOM) play in the formulation and execution of the Program 11 budget?

Secretary CARLUCCI. Executive agreements are being established between the services and USSOCOM to coordinate Program 11 execution and to manage Special Operations' share of centrally-managed accounts. The services are currently apportioning the fiscal year 1988 appropriations by MFP program element.

The Special Operations portion of the PPBS for fiscal year 1990–94 is proceeding with CINCSOC providing advice on Special Operations requirements and resource levels and program content. The Department's long range objective includes a program to insure MFP 11 is updated to reflect fiscal year 1988–89 budget and joint programmatic reviews with the services and USCINCSOC on MFP 11.

Senator COHEN. What direct budget authority has been granted to the Commander of the USSOCOM for fiscal year 1989?

Secretary CARLUCCI. The Commander of USSOCOM will only have direct budget authority in fiscal year 1989 over normal HQ operating expenses. For fiscal year 1989, the services are responsible for SOF budget execution after Congress has authorized and appropriated the funds. The services cannot reprogram SOF funds without Secretary of Defense approval after he consults with Commander of USSOCOM.

Senator COHEN. Have regulations been issued governing implementation of Program 11 for the USSOCOM?

Secretary CARLUCCI. Since MFP 11 will be handled in the same manner as other major force programs, no special regulations will be required. However, specific DEPSECDEF guidance has been provided to the services by memorandum dated 29 September 1987. The memorandum directs the services to coordinate with CINCSOC and ASD (SO/LIC) on all PDM's, PBD's, Reprogramming Request, and Fund Releases dealing with Special Operations programs. In addition, throughout the PPBS process, ASD (SO/LIC) and/or CINCSOC issues, along with Special Operations issues raised by other elements of the Department will be analyzed, developed, and incorporated into issue papers/books. All SOF peculiar program elements will be combined during the PPBS process under MFP 11 in order to provide full visibility of Special Operations resources.

Senator COHEN. Do OSD program managers have written instruction regarding USSOCOM's implementation of Program II?

Secretary CARLUCCI. Since MFP 11 will be handled in the same manner as other major force programs, no special regulations will be required. However, specific DEPSECDEF guidance has been provided to the services by memorandum dated 29 September 1987. The memorandum directs the services to coordinate with CINCSOC and ASD (SO/LIC) on all PDM's, PBD's, Reprogramming Request, and Fund Releases dealing with Special Operations programs. In addition, throughout the PPBS process ASD (SO/LIC) and/or CINCSOC issues, along with Special Operations issues raised by other elements of the Department will be analyzed, developed, and incorporated into issue papers/books. All SOF peculiar program elements will be combined during the PPBS process under MFP 11 in order to provide full visibility of Special Operations resources.

Senator COHEN. Have regulations and guidelines been issued for implementation of the USSOCOM research, development and acquisition program?

Secretary CARLUCCI. No regulations have been issued in regard to USSOCOM research, development and acquisition programs. Regulations will not be required since the services function as executive agents to USSOCOM on RD&A matters. Memorandums of understanding are being developed to formalize the process with the services providing RD&A support and USSOCOM having overview.

Senator COHEN. What steps are being taken to increase the manning level of the USSOCOM to the level required by the fiscal year 1988 defense authorization bill?

Admiral CROWE. The joint manpower program for the U.S. Special Operations Command is presently being staffed. USSOCOM is currently authorized 342 positions. We expect USSOCOM, as of 30 September 1988, to reach the manning level of 450 (111 of which are civilian) required by the fiscal year 1988 defense authorization bill.

Senator COHEN. When will the mandated manning level be achieved?

Admiral CROWE. We expect USSOCOM to reach the manning level of 450 (111 of which are civilian) required by the fiscal year 1988 Defense Authorization bill on 30 September 1988.

Senator COHEN. What are the assigned missions of the USSOCOM?

Admiral CROWE. The mission of the U.S. Special Operations Command (USSOCOM) is to provide combat-ready Special Operations Forces (SOF) for rapid reinforcement of the other Unified Commands, and to plan and conduct selected Special Operations (SO), if so directed by the President or Secretary of Defense.

Under the authority of the Secretary of Defense and the direction of the Commander in Chief, USCINCSOC, USSOCOM will carry out those responsibilities and authorities stated in Title 10, United States Code, Chapter 6; the Unified Command Plan; the Joint Strategic Capabilities Plan; and Joint Chiefs of Staff Memorandum 71-87, dated 29 May 1987.

Within these parameters, USSOCOM is tasked to develop joint doctrine, tactics, techniques for SOF; conduct specialized courses of instruction for all SOF; train assigned forces and ensure interoperability of equipment and forces; monitor the preparedness of SOF assigned to the other Unified Commands; develop and acquire unique SOF equipment, materiel, supplies and services; consolidate and submit program and budget proposals for Major Force Program 11; monitor the promotions, assignments, retention, training and professional development of all SOF personnel; and formulate and submit requirements for intelligence support.

Senator COHEN. To what extent is USSOCOM involved in interagency and JCS working groups on low-intensity conflict, Special Operations, and intelligence issues? Are USSOCOM representatives members of such bodies?

Admiral CROWE. USSOCOM is not presently an official member of any interagency or JCS working groups on low-intensity conflict, Special Operations, or intelligence issues. The Command does have a representative in "observer" status in the interagency working group on low-intensity conflict. It should be noted that there is constant and effective coordination and exchange of information between the Joint Staff and USSOCOM on these issues. Additionally, a Command representative has been invited to sit as an "observer" in interagency meetings at the Coordinating Sub Group (CSG) level, when selected USSOCOM issues are being addressed.

Senator COHEN. What role does the USSOCOM play in planning for Special Operations and low-intensity conflict missions (e.g. direct action, insurgency, counter insurgency)?

Admiral CROWE. USSOCOM's role in planning for Special Operations and low-intensity conflict missions are directly related to the mission and functions outlined under Title 10, United States Code, Chapter 6; and implemented by the Unified Command Plan, the Joint Strategic Capabilities Plan, and Joint Chiefs of Staff Memorandum 71-87, dated 29 May 1987.

In that CINCSOC is a functional CINC, his direct role vis-a-vis the regional CINCS, is that of a supporting CINC. As such, he is responsible for providing trained and prepared Special Operations Forces to regional, warfighting CINCS. All regional CINCS have low-intensity conflict planning responsibilities and integrate assigned/apportioned Special Operations Forces into their plans. CINCSOC, as a supporting CINC, may provide forces to other CINCS for low-intensity conflict or Special Operations missions. The exception to this is outlined in Title 10, section 167, paragraph (d)(2) which states, "USCINCSOC may command Special Operations missions if directed to do so by the President or Secretary of Defense."

SDI

Senator COHEN. What are the requirements established by the Joint Chiefs of Staff for the SDI Phase I discussed in Secretary Carlucci's Fiscal Year 1989 Annual Report? Was the inclusion of a spaced-based interceptor tier a requirement?

Admiral CROWE. On 23 June, 1987, the Joint Chiefs of Staff (JCS) established operational requirements for Phase I of a multiphase Ballistic Missile Defense (BMD) System. The basic requirement for this first phase is to enhance deterrence by creating sufficient uncertainty in the Soviet war-planner's mind to dissuade him from attack.

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PLANNED PRODUCT IMPROVEMENT

Senator COHEN. Secretary Carlucci's fiscal year 1989 Annual Report discusses "Planned Product Improvements" (PPI) for the SDI Phase I concept to respond to Soviet countermeasures. How soon after their deployment would space-based interceptors undergo a "Planned Product Improvement"?

Secretary CARLUCCI. An underlying principle of the SDI research program is that progress in the more mature technologies must be accompanied by corresponding progress in advanced technologies. This is necessary for a strategic defense to be effective against potential immediate and near-term Soviet responses, and also have at hand the improvements needed over time to maintain it's effectiveness should the threat evolve. Progress in advanced technologies also is important to increase the level of effectiveness of the defense. Thus, the research effort is directed at not only technologies associated with a first phase of deployment, but also the follow-on phases.

While it is not possible to know exactly how the Soviets would respond to deployment of strategic defenses, the SDI research effort includes analyses of possible responses. The length of time before any deployed element of a strategic defense system would require product improvement would depend upon the Soviet response. Clearly, in the design of a defensive system architecture we would seek capabilities which would be effective against the anticipated threat for a number of years.

APACHE ATTACK HELICOPTER

Senator COHEN. Figures are provided only for fiscal year 1989 procurement of the AH-64 Apache Attack Helicopter. Since projected fielding of the LHX is delayed until fiscal year 1995, what are the outyear projections for AH-64 procurement, and what is the total projected force goal?

Secretary CARLUCCI. The projected fielding date of LHX is not related to the AH-64, as the former aircraft is designed to replace OH-58s and AH-1s. OSD is committed to the continued modernization of the Army's attack helicopter units, but the number of AH-64s we will recommend for procurement in the outyears will not be determined until we review the Army's POM 90-94 budget in relation to expected resources. In addition to the normal POM review, OSD will conduct a special review of Army aviation modernization plans in the near future as a basis for future recommendations.

LHX

Senator COHEN. The Army's plan for the LHX involved a scout/attack variant (1,445 aircraft) and a transport model (2,435 aircraft), for a total of 3,880 aircraft. Your testimony indicates that the revised plan calls for dropping the transport variant, splitting the scout and attack missions into two aircraft variants, and increasing the buy of these variants to 2,000 from 1,445, or over 30 percent. What was the rationale for splitting the scout/attack version into two variants? Why was the requirement increased by 30 percent?

Secretary CARLUCCI. The previously planned quantities for LHX were 2,004 scout/attack and 2,164 for the utility assault model. Current plans to procure about 2,000 LHXs for armed reconnaissance and attack has not changed relative to prior levels. The armed reconnaissance and attack aicraft will comprise the same basic airframe, mission equipment and armament, but minor differences in configuration or planned payloads may exist depending on the mission.

QUESTIONS SUBMITTED BY SENATOR DAN QUAYLE

SCIENCE AND ENGINEERING MANPOWER SHORTFALL

Senator QUAYLE. In regard to the anticipated manpower shortfall in science and engineering, OSD has been funding a study by the Center for the Advancement of Science, Engineering and Technology (CASET) on women and minorities in science and engineering. This study is directed by ODUSD (Research and Advanced Technology). The third phase of the study, scheduled to begin this year, includes implementing pilot programs (Intervention Modules) in about 20 colleges and universities. We understand this study is funded in fiscal year 1988 but not in fiscal year 1989, 1990 or 1991.

Does OSD intend to fund and complete this study? If so, at what cost?

Secretary CARLUCCI. The grant to CASET was for $3,040,760 of which $1,001,000 has been provided in fiscal year 1988. OSD intends to fund and complete the balance of this grant.

Senator QUAYLE. Has the performance/progress been satisfactory to date?

Secretary CARLUCCI. Yes.

Senator QUAYLE. Is there potential for significant results and benefits from the study, particularly the pilot intervention modules in colleges and universities?

Secretary CARLUCCI. We believe that the study will identify those interventions which are viable strategies for enlarging the number of women and minorities who choose and pursue careers in science and engineering.

Senator QUAYLE. Is consideration being given to implementing the more promising pilot programs on a broader scale prior to completion of the study? If so, at what cost and on what schedule?

Secretary CARLUCCI. No such consideration is being given at this time.

Senator QUAYLE. Are there similar studies of efforts underway to address the shortfall in scientists and engineers which should be considered in lieu of or in addition to the CASET study? If so, please identify and describe.

Secretary CARLUCCI. A Presidential Task Force on Women, Minorities and the Handicapped in Science and Technology is examining similar problems. In addition, a study by the Office of Technology Assessment, Education of Scientists and Engineers, grade school to graduate school, is expected to be complete in April. Neither of these overlaps the CASET study, however.

Senator QUAYLE. In your judgement, is legislation needed to address this shortfall problem? If so, what would you recommend and support?

Secretary CARLUCCI. No additional legislation is needed for DOD to address this problem.

NATO DEFENSE PROGRAM

Senator QUAYLE. Would you please identify all specific programs contained in the NATO Defense Program. Also, please explain who will manage this program and how it will be managed.

Secretary **Carlucci**. As I pointed out in my testimony, the NATO Defense Program includes U.S. support for implementation of the 1983 Montebello decision on nuclear force modernization and for the 1984 NATO initiative nuclear force modernization and for the 1984 NATO initiative for Conventional Defense Improvements (CDI). A large proportion of the total number of specific programs in our fiscal year 1989 budget request contribute, in one way or another, to these ongoing NATO efforts. It would be misleading to single out what is for NATO and what is not. Many of our capabilities could be used for non-NATO as well as NATO emergencies, and there is no NATO/non-NATO seam in our force structure. Rather, the United States maintains forces to defend its vital interests worldwide.

I sought to make clear in my testimony that our fiscal year 1989 budget request also includes support for the key elements of your NATO Defense Initiative. My testimony cited examples of the specific programs involved. Most of these programs are included in our budget, and all will be given high priority as the Department reviews its future defense plans and consults with other NATO governments. A definitive list of such programs is inadvisable at this time since many are still in the R&D stage, with choices yet to be made among competing systems.

As to DOD management of the NATO Defense Program, the Under Secretary for Acquisition exercises continuing supervision over those key high-technology programs relevant to our nuclear and conventional force modernization efforts in NATO. He works in close coordination with other DOD elements, including my Assistant Secretary for International Security Policy, who has the central NATO management task of ensuring coherence among all the elements of our participation in the alliance.

Senator **Quayle**. In your comments on Competitive Strategy and the NATO Defense Program, you emphasize the desirability of air launched cruise missile. What is the TCS and OSD doing to help the Air Force validate the requirment for a long-range conventional cruise missile?

Secretary **Carlucci**. Requirements for long-range cruise missiles are being met, in part, by ongoing procurement of conventionally-armed Tomahawk missiles for the Navy. Wider use of conventionally-armed cruise missiles is desirable, based both on the competitive strategies effort and on earlier studies. Further technical progress is needed, however, before we can make a production commitment to a major new weapon system. For example, the Defense Department commenced a major conventionally-armed cruise missile program in 1977: the Medium Range Air-to-Surface Missile (MRASM). The Congress terminated funding for MRASM in August 1983. Certain aspects of MRASM technology, in particular the submunition payload, were not yet mature at that time. We are working in several areas now to advance technology to a more reliable, affordable stage so that we can fully exploit the promise of such weapons.

NATO-WARSAW PACT BALANCE

Senator **Quayle**. Could OSD expand the NATO-Warsaw Pact Balance Section of the annual report for public distribution?

Secretary **Carlucci**. As required by the Defense Authorization Act, I will be forwarding to the Congress this year an unclassified Net Assessment. That Net Assessment will include a NATO-Warsaw Pact Balance. Soviet Military Power, 1988, expected to be released in April, will include an assessment of forces in Europe, as well as other regional and functional assessments. This will be more detailed than the NATO-Warsaw Pact Balance Section of the annual report.

Questions Submitted by Senator John McCain

1987—FULL OR PARTIAL FUNDING OF NA STUDIES IN OSD & JCS

Senator **McCain**. Could you provide a list of all net assessment studies completed during the last year, and of all ongoing studies and analyses which either involve net assessment activity or have full or partial funding by the net assessment offices in OSD and the Joint Staff?

Secertary **Carlucci**. [Deleted.]

MAJOR CUTS

Senator **McCain**. Could I ask you to summarize the major cuts the Department has had to make in force structure, manpower, equipment modernization by category and type, and in readiness between President Reagan's original plans as expressed in the fiscal year 1982 to fiscal year 1985 5 year defense reports, and as expressed in your fiscal year 1989 budget request? Could you provide a detailed statement of the difference between the original Reagan goals and this year's budget as they impact on each of these categories in fiscal year 1989 and fiscal year 1995?

Secretary CARLUCCI. That information is being provided under separate cover in response to your requests, dated February 5, 1988, to the service Secretaries, asking for the same information.

MILITARY POSTURE STATEMENTS

Senator MCCAIN. Could you explain why the Joint Chiefs' projection of the balance, as expressed in the fiscal year 1988 and fiscal year 1989 Military Posture statements, shows a significant improvement in the trends in the balance in the fiscal year 1989 document, versus the fiscal year 1988 edition? Could you explain the specific changes in U.S. capabilities and the threat that have led to this conclusion, and indicate the major risks and uncertainties affecting your estimate of the impact of both U.S. and threat modernization programs? Could you provide the original form of that chart with its full details?

Admiral CROWE. As one means of illustrating trends in relative U.S./Soviet strategic force potential, the fiscal year 1989 Military Posture uses comparisons of four static attributes, i.e. equivalent megatons, number of warheads, hard-target kill potential, and time-urgent hard-target kill potential. It is important to mention that static force comparisons are the least sophisticated means of portraying the strategic balance. A full evaluation must include analysis of target base characteristics, defensive systems, and detailed exchange calculations, among other things. The Joint Staff uses many criteria to evaluate force effectiveness, but the results of these dynamic studies exceed the classification level of the Military Posture.

In both the fiscal year 1988 and fiscal year 1989 editions of the Military Posture, Figure IV–3 shows static force comparisons for the previous 11 years, and Figure IV–5 projects these comparisons into the future. In comparison charts such as these, trend changes for one side result not only from changes in its own forces, but also from changes in estimates of the other side's capabilities. For example, the projected Soviet advantage in equivalent magatons (Figure IV–5) decreased in the fiscal year 1989 edition from what it was in the fiscal year 1988 edition. This resulted from minor revisions in U.S. projections, but major revisions in Soviet missile production projections. Soviet force structure predictions are revised annually, and the most recent data is used to produce these charts. Because of these revisions, changes in the trend charts from year to year are not surprising. The chart's primary value is not, however, in measuring actual force capabilities at a given point in time, but in illustrating trends in force potential. As such, the current charts accurately portray favorable U.S. force potential trends since President Reagan's strategic modernization program began to have effect in the mid-1980s.

Specific elements of the modernization program have increased U.S. strategic force capabilities, and these are described throughout chapter IV.

Except for the colors used, the charts published in chapter IV are the same as the originals in all respects, including notes.

Senator MCCAIN. [Deleted.]

Secretary CARLUCCI. [Deleted.]

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Secretary CARLUCCI. [Deleted.]

FISCAL YEAR DEFENSE AUTHORIZATION REQUEST

Senator MCCAIN. Could you provide your detailed views on the assessment of the NATO and Warsaw Pact balance issued by Senator Levin, the Western European Union, and the International Institute for Strategic Studies, and provide a detailed statement of the extent to which you agree or disagree with the data, assessments, and conclusions in these documents?

Secretary CARLUCCI. The Report is correct in stating that the military balance in Europe is "complex" and that one should not rely on "bean counts". The CJCS Military Net Assessment and other OSD studies address the qualitative complexities of the balance in Europe. None relies on "bean counts."

In an endeavor to expand the scope of analysis beyond the quantitative, the Report establishes thirteen very valid components of the military balance. While DOD would agree or disagree over various points, we would take some issue with the following points of the Report.

Overall Assessments.—Realistic assessments of NATO defense should start from the perspective of NATO's objective of deterrence, and should deterrence fail, defense pursued through a strategy of flexible response. Instead of focusing exclusively on conventional defense capabilities, one should begin by addressing the spectrum of NATO and Warsaw Pact forces relevant to this NATO objective—strategic nuclear, nonstrategic nuclear, conventional and chemical forces.

The Quantitative Balance.—While DOD agrees that there is a clear Warsaw Pact numerical advantage, we find significant differences between our data and that used in the Report for both NATO and Warsaw Pact forces. Additionally, the Report focuses on specific numbers of weapons and personnel rather then providing a more comprehensive view of Warsaw Pact force structure.

Quality of Major Weapons.—There is no question that NATO enjoys qualitative superiority in many of its weapon systems. However, the aggregate qualitative advantages the Report accords NATO appear to be based on the anticipated deployment of future systems, like Stealth technologies and "brilliant" munitions—modernization that is vulnerable to possible budget reductions. Furthermore, for some significant weapons systems, the Warsaw Pact has equalled or surpassed NATO in quality, and is fielding these systems more rapidly and in greater numbers than is NATO, for example, in armor systems.

Force Readiness.—Given the great differences between NATO and Warsaw Pact requirements for readiness, it is very difficult to assess directly the impact of force readiness asymmetries on total force capability, especially given the different contingencies and scenarios in which those forces could be employed. Nonetheless, we agree that force readiness is a key NATO strength.

Numbers of Active and Reserve Personnel.—The Report rightly points to the dangers of "bean counts". Yet in analyzing the numbers of NATO and Warsaw Pact personnel in uniform, it fails to take into account the critical factor that numbers make a difference only when and where they can directly influence the critical battle. For example, Turkey's 500,000+ military forces would most likely have little direct influence on the battle on the Central Front.

Economic and Industrial Strength.—While we agree with the assessment of NATO's relative economic strength when compared with that of the Warsaw Pact, the time required for NATO to transition from their peacetime consumer/service-oriented industrial economies to a wartime footing may well prove to be excessive and leave NATO at a disadvantage when compared with the Soviet's existing military production capability and extensive military industrial mobilization plans and preparations.

There are some other significant factors that are omitted from the report.

The impact of strategy/doctrine/tactics is extremely important, as are the disposition and organization of forces (e.g., the asymmetries in deployed unit strength among NATO's national corps sectors which could induce an attacker to select one avenue of attack over another, and the requirement for forward defense versus defense in-depth or trading space for time).

The Report omits naval and air forces, which individually and together have a major impact on the military balance on the Central Front. It also should consider other force components, such as those involved in strategic mobility and electronic warfare, which could impact significantly in certain areas.

The Report makes no reference to chemical warfare, which must be recognized as having a major impact on some of the areas of the balance the Report does address. Specifically, Soviet use of chemical weapons would have a major, deleterious impact on NATO's combat capabilities, readiness, sustainability and C^3I, as well as on the morale of engaged NATO forces. NATO does not have a commensurate chemical warfare capability.

Because both NATO and the Warsaw Pact include nuclear operations in their strategy and concepts of operation, the potential effect upon planning and operations that is created by the threat of the employment of nuclear weapons—even when combat remains at the conventional level—must be assessed.

The military effects of time and timing, surprise and even weather are major components of the outcome of any future conflict in Europe, but these factors are exceptionally difficult to assess adequately.

Although the Report has many good points, its most serious shortcoming is its failure to make the linkage between NATO's strategy of deterrence and the military risks and consequences to the Alliance should deterrence fail.

Finally, we must note that a statement released along with the Report concluded that ". . . an uneasy conventional military balance exists today in Europe." We find no such statement in the Report itself, nor do we share this conclusion about the relative postures of military forces in Europe.

Regarding the WEU and the IISS, we have not made detailed assessments of these documents which are produced by private (non-governmental) institutions. To do so would require considerable man hours and would be duplicative of our own net assessment work. I would point out, however that these are unclassified assessments resulting from unclassified data. While the IISS Military Balance is a highly respected authoritative document, it nevertheless is essentially a static force comparison/order-of-battle assessment. Thus, it cannot and does not take into consideration doctrinal asymmetries, dynamic analyses and such hard to quantify factors as C^3I, electronic warfare, and quality of weapons and forces.

Senator McCain. Could you tell us what the Department is doing to provide us with the comprehensive classified and unclassified analyses of the NATO-Warsaw Pact balance that is required by law, and which would allow us and the American people to understand the impact of this year's budget and of current arms control proposals?

Secretary Carlucci. It was originally planned that these documents would be available in the fall of this year; however, as a result of the amendment by Senator McCain to the fiscal year 1989 DOD authorization bill which requires a Net Assessment to be submitted with the budget, these analyses will most likely be submitted in early 1989.

IMPACT OF THE FISCAL YEAR 1989 BUDGET CUTS

Senator McCain. Could you provide us with your views on how the cuts in the fiscal year 1989 budget submission are going to affect the projected trends in the strategic nuclear balance, with and without START, and give us a more detailed picture of the trends in strategic nuclear balance, in both classified and unclassified form, that shows the impact of the major individual modernization programs on each side and the importance of modernizing U.S. strategic nuclear forces?

Secretary Carlucci. I believe that the President's budget provides for the defense of this nation. The reductions proposed for this fiscal year, therefore, will make our jobs much harder because we have not made corresponding reductions in our global responsibilities. In general terms, however, the net effects to the United States is an increase in the risks to our global interests and those of our friends and allies. Our goal, however, is to maintain that risk at a prudent level, while striving to deter aggression and bring stability to the strategic balance. While I believe that we can maintain an effective deterrence posture for the foreseeable future, this projection is based on the implementation of the President's strategic modernization program and that there are no significant advances in the Soviet threat, which may act to reduce significantly the effectiveness of the U.S. deterrent.

With regard to the potential effect that a successful START agreement may have on the strategic balance, it is my belief that such an agreement, which reduces significantly the numbers of ballistic warheads to equal and verifiable levels, will bring further stability to the strategic balance. Until such an agreement is reached with the Soviets, however, I could only speculate on the effects it could have on individual strategic programs. I must point out, however, that with an agreement, it is imperative that the U.S. forces under START are the most modern, effective deterrent systems we can field, since there is no question that the Soviets will have fully modernized weapons.

STRATEGIC MODERNIZATION

Senator McCain. Could you provide a risk assessment of the impact of any significant cut in our strategic modernization programs, and specifically address the impact of any cuts in the request for the MX in the rail garrison mode, in the ACM, in the B-2, and in the Trident D-5?

Admiral Crowe. We face a dynamic Soviet threat of increasingly harder targets, greater mobility in strategic forces and control centers, extensive air defenses, and a constantly updated Moscow ABM system. The continuation of the President's Strategic Modernization Program is esential to maintain this credibility and flexibility of our strategic forces relative to this threat. Any significant cuts in the programs you've mentioned would undermine the ability of our strategic forces to provide an effective deterrent; reduce the vitality and synergistic effect of our Triad forces; and could preclude an adequate, balanced attack sufficient to deny Soviet war aims.

Reductions and/or loss of the Peacekeeper rail garrison and Trident D-5 systems would impact our ability to hold at risk Soviet hardened ICBM silos, command control centers, and political/military leadership facilities. Our ability to attack the harder, increasingly modernized, and more mobile Soviet target base would be severely affected by significant cuts in the B-2 program. With its potential for enhanced capability against strategic relocatable targets, the B-2 will provide an effective manned penetrating bomber well past the year 2000. In addition, improved ineffectiveness of our standoff bomber systems will result with the inclusion of the ACM into our strategic arsenal.

Continued modernization will also allow us to maintain the required survivability of our strategic forces. Delays or abandonment of such programs as stealth technology, mobile ICBMs, or an SLBM with increased range and hard-target kill capability will put our systems at greater risk in the face of an evolving, modernized Soviet threat.

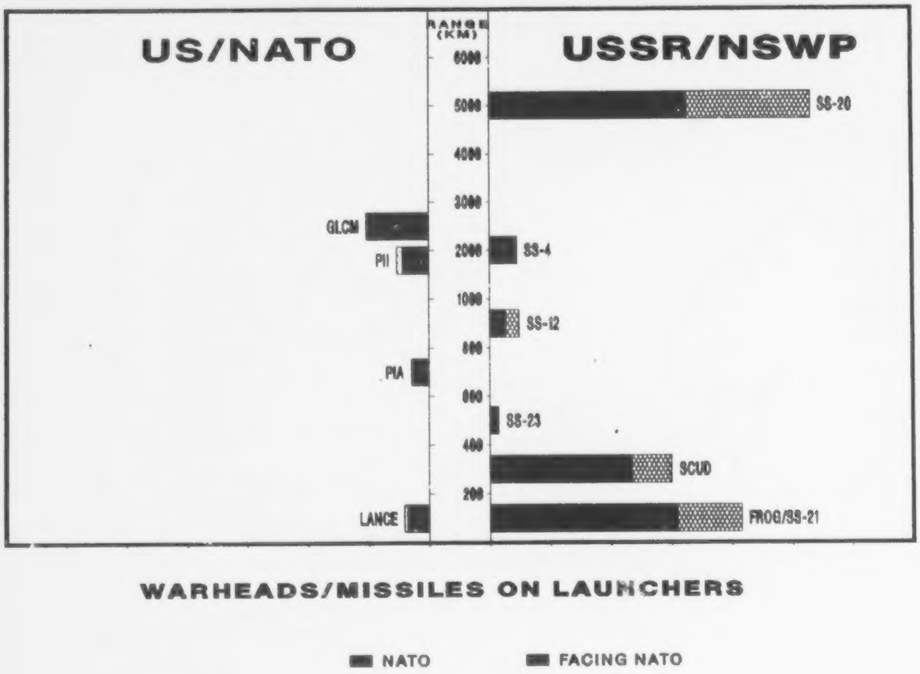
Modernized strategic systems will be especially important in the event of a START agreement. Despite weapon reductions, the targeting tasks are expected to remain relatively constant. Military sufficiency with limited forces can only be attained by a fully modernized Triad.

THEATER NUCLEAR SYSTEMS

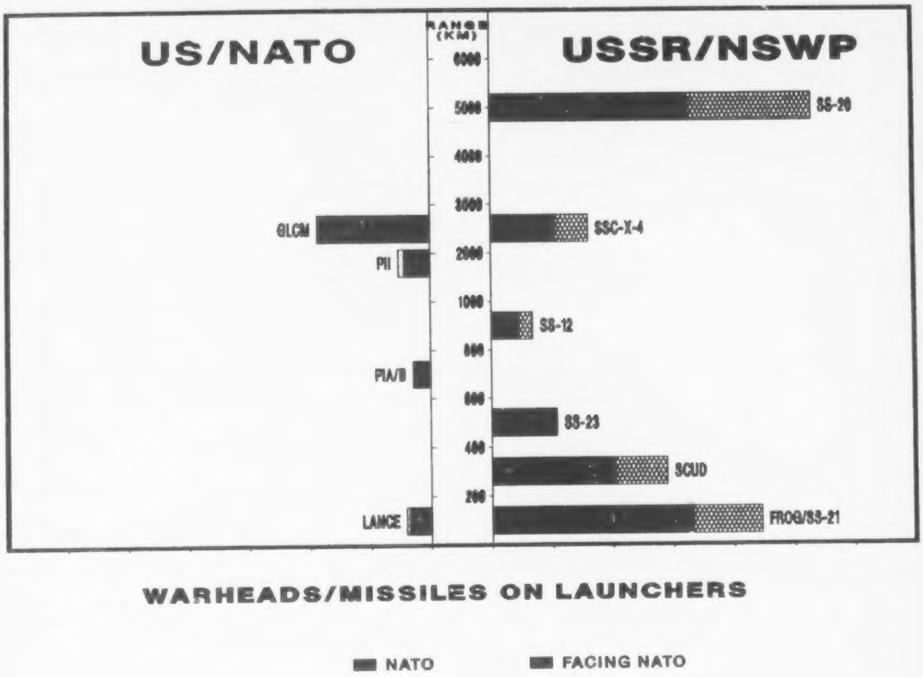
Senator McCain. Could you provide a detailed update of last year's analysis of the trends in theater nuclear systems showing individual breakouts for INF, SRINF, SRBM, nuclear artillery, and nuclear strike aircraft? Could you provide these in unclassified form and in tabular or graphic form showing all the detail provided in past editions of the JCS Military Posture statement, and showing the projections for INF forces with and without the reductions called for in the INF Treaty?

Admiral Crowe. I provided an answer for a similar question for the record following the SASC hearing on the INF Treaty on January 25, 1988. The attached declassified version of some of the charts, provided in response to the previous question, contains a more detailed system-by-system look at the worldwide theater missiles which are known to possess a nuclear capability. The charts do not contain aircraft or artillery. While we assess most as being "nuclear capable", a closer examination of current training patterns, doctrinal roles, missions, and Soviet preference for missiles would argue for less of a commitment of aircraft and artillery to the nuclear role at the expense of conventional tasking. The charts depict the current and future (as of September 1987 and forecast for mid-1994) relative balance of land-based theater missile systems. A third chart shows the resultant balance after removing systems to be constrained by the INF Treaty. Individual systems are grouped according to maximum range with those deployed in the Atlantic to Urals region of Europe shown in the solid colors. The previous monopoly at longer ranges held by the Soviets prior to 1983 has diminished with the deployment of PII and GLCM. Although the Soviet projections show minimal growth, we assess the capability of their systems to be significantly enhanced by accuracy improvements by 1994.

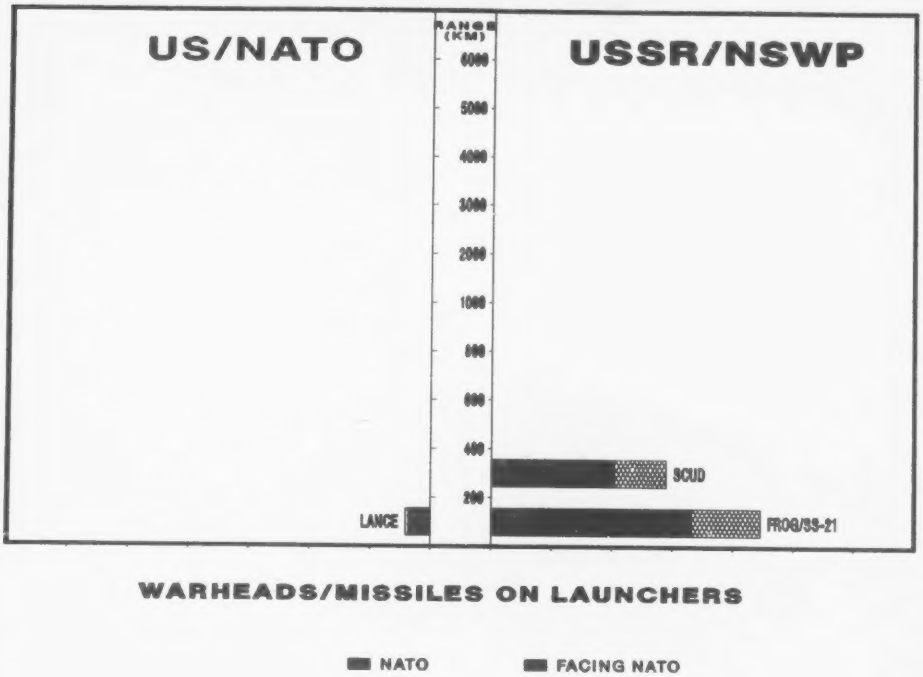
LAND-BASED MISSILE SYSTEMS WORLDWIDE - 1987



LAND-BASED MISSILE SYSTEMS WORLDWIDE - 1994



LAND-BASED MISSILE SYSTEMS
POST-INF - 1994



[Whereupon, at 3:50 p.m., the committee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1989

MONDAY, MARCH 14, 1988

U.S. Senate,
Committee on Armed Services,
Washington, DC.

AMENDED 1989 DEFENSE AUTHORIZATION BUDGET REQUEST

The committee met, pursuant to notice, at 2 p.m., Senator Sam Nunn (chairman) presiding.

Present: Senators Nunn, Shelby, Warner, Thurmond, and Symms.

Staff present: Arnold L. Punaro, staff director; Romie L. Brownlee, deputy staff director for the minority; Jeffrey H. Smith, general counsel; and Patrick A. Tucker, minority counsel; Robert E. Bayer, Robert F. Bott, John J. Hamre, William E. Hoehn, Jr., George K. Johnson, Jr., Ronald P. Kelly, David S. Lyles, Ann Elise Sauer, and Daniel J. Wildfong, professional staff members; and Debra A. Rice, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; Gregory J. Weaver, assistant to Senator Levin; William J. Lynn, assistant to Senator Kennedy; Milton D. Beach, assistant to Senator Glenn; Leon Fuerth, assistant to Senator Gore; Terrence Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Henry D. Sokolski, assistant to Senator Quayle; Samuel J. Routson, assistant to Senator Symms; and Anthony H. Cordesman, assistant to Senator McCain.

OPENING STATEMENT BY SENATOR SAM NUNN, CHAIRMAN

Chairman Nunn. The committee will come to order.

This afternoon the full Committee on Armed Services begins a week-long series of hearings on the amended fiscal year 1989 defense authorization request. This will be followed by 3 weeks of subcommittee hearings and then we will begin markup on the week of April 18.

The committee plans to be ready for the floor action on the Defense authorization bill somewhere in the neighborhood of May 9 to May 16. Since the committee approved 75 percent of last year's 2-year budget, we are focusing our attention this year on the changes to the fiscal year 1989 budget and the out-year implications of these changes.

Today we will hear from the Honorable Charles Bowsher, Comptroller General. Tomorrow we will receive testimony on the readiness conditions of key unified combatant commands and the budget priorities of the Commanders in Chief. On Wednesday we will receive testimony from the service Secretaries and the service Chiefs of Staff.

Our full committee hearings on the fiscal year 1989 budget will conclude on Thursday with Deputy Secretary of Defense Taft.

The purpose of these hearings is to review key trends and issues in the budget submission. As I said when Secretary Carlucci testified when the budget was released, I consider his budget request to be a good first step down a very difficult path of adjusting defense budget plans to fiscal reality.

Secretary Carlucci's leadership has transformed the defense budget problems we all face from a nightmare to presently what I would call just a bad dream. I am not sure there is much of a difference, but I think it is a step in the right direction.

To reach the 5 year spending level set out in the fiscal year 1989 budget submitted by Secretary Carlucci, some $250 to $300 billion of programs must be cut over the next 5 years compared to last year's plan submitted by then Secretary Weinberger.

The $33 billion cut in fiscal year 1989 is just a down payment. One of the key questions we have to answer in these hearings is how far have the cuts in fiscal 1989 taken us to the long term goal and how much cutting still lies before us.

Of course, all these figures are based on the assumption that the budgets would be approved as submitted by Secretary Carlucci by the Congress, and of course there has been no agreement with the Congress beyond this fiscal year. So that remains to be seen.

We are also interested in Mr. Bowsher's assessment of whether the fiscal year 1989 budget request represents an appropriate balance among the four pillars of defense—force structure, modernization, readiness, and sustainability—and whether the decision made in reducing the original fiscal year 1989 defense budget will result in a balanced program over the next 5 years.

Finally, we would like to hear from the General Accounting Office as to their current assessment of the so-called investment bow wave. Last year Mr. Bowsher testified that it would cost a staggering $750 billion to buy out all of the investment programs in the 5 year defense plan.

We would like to know Mr. Bowsher's current assessment of the size of this investment bow wave, in view of the budget summit agreement and the revisions to the original fiscal year 1989 defense budget.

I would also like to thank you, Mr. Bowsher, on behalf of the committee for the outstanding support we have received from the General Accounting Office personnel day in and day out, which is so enormously important to our own responsibilities.

We are particularly grateful to Mr. Frank Conahan and his division for their work on long term projects and quick reaction analysis. Mr. Conahan, we are indebted to you for your help, you and your whole staff. This applies to everyone who works with you.

GAO support is an integral part of our ability to perform our oversight functions. So we thank you.

Senator Warner.

Senator **Warner**. Thank you, Mr. Chairman. I certainly join you in noting the superb support that the former Assistant Secretary of the Navy, Mr. Bowsher has given, and the support of Mr. Conahan and members of his staff.

Secretary Bowsher is uniquely qualified to deal with the Pentagon budget, having spent 5 years in the Navy Secretariat, and I think that it is one of his favorite subjects.

You are still very highly respected in the Department of Defense. This is our second hearing on the budget, and I think it is important that you follow immediately the hearing with the Secretary and the Chairman of the Joint Chiefs of Staff. This could be interpreted as a position of great respect and honor you have coming.

Thank you, sir.

Chairman **Nunn**. Thank you very much, Senator Warner.

Mr. Bowsher, we are delighted to have you, as I said, and we would be pleased to receive your testimony.

STATEMENT OF CHARLES A. BOWSHER, COMPTROLLER GENERAL OF THE UNITED STATES, ACCOMPANIED BY FRANK C. CONAHAN

Mr. **Bowsher**. Thank you, Mr. Chairman and Senator Warner. I appreciate very much the remarks and your appreciation of the staff at GAO. They work very hard on many different issues and we appreciate your support.

I would like to read some parts of my testimony and then summarize some other parts. When I testified last year before the committee, the primary concern I raised was whether we could afford all of the programs under consideration by DOD, given the size of the budget deficit. I expressed the view that the DOD budget needed to be more realistic, the number of new programs should be limited and the marginal programs should be eliminated.

I noted that program cancellations and postponements, rather than procurement stretch-outs, were needed to reduce the budget, and I expressed concern about whether we could support the weapons platforms we had acquired, as the cost to maintain them will increase in the 1990s.

The recent budget agreement reached between the administration and the Congress reflects progress in beginning to address the affordability issue. It appears that the services followed the Secretary's budget guidance and, as a result, some programs were cancelled, others were postponed, and uneconomical stretch-outs were, for the most part, avoided.

Tough choices were made, but there were also some relatively painless cuts, for example, reductions that emerged as a result of congressional action on the fiscal year 1988 budget. Additional cuts also emerged through management attention during the normal course of the budget scrubs conducted by DOD during the budget review process.

This time, however, instead of applying the savings in some programs to increase others, the overall request was reduced.

The Secretary of Defense has stated that he plans to delete additional funds from the projected defense plan through fiscal year

1993. The Five Year Defense Plan, the FYDP, incorporating these changes has not been completed. More difficult decisions will have to be made, but I believe it can be done.

While these reductions will be difficult, the fiscal year 1989 proposed budget still represents a $7.6 billion increase over the level funded in fiscal year 1988. Subsequent years also incorporate a 2 percent real growth each year.

It will be more of a challenge now than in recent years to manage DOD with a restrained budget and limited growth. Now, more than ever, tradeoffs have to be carefully weighed, redundances checked, and inventories monitored to prevent the accumulation of materials which exceed requirements. Marginal programs will need to be analyzed and eliminated when costs outweigh expected benefits, and red flags must be heeded so that systems with technical problems do not go into production with built-in deficiencies that will be much more costly to correct later.

The next 5 years are going to be a challenge, not just for the Department of Defense, but for the Congress, too, as we search for additional cost-saving opportunities in DOD's operations and investment activities. At the same time, the readiness of our forces and their sustainability must not be shortchanged.

Today I would like to discuss where the revisions in the fiscal year 1989 budget were made and their implications for the next 5 years. I will also discuss our work for the committee in the readiness and sustainability area, and close with a brief discussion of what needs to be done.

Now, just to speak briefly on the revisions to the fiscal year 1989 budget. Most of the $33 billion in reductions in fiscal year 1989, approximately $22 billion, were taken from the investment accounts—that is, procurement, RDT&E and military construction—the remainder from the operations accounts.

In the investment accounts, the reductions can be grouped into four broad categories:

One, program cancellations, either an existing program or one scheduled as a new start;

Two, program deferrals, such as the delay in the next phase of the development;

Three, funding proposed for fiscal year 1989 was received in fiscal year 1988;

And four, some cost estimates were reduced.

I think, Mr. Chairman, you are familiar with some of these reductions, so I will not go through all of them. But basically, the Air Force gave up the Midgetman and ASAT; the Army gave up the AQUILA——

MIDGETMAN

Senator **Warner**. Mr. Bowsher, what do you mean when you say that they "gave up Midgetman?"

Mr. Chairman, that is a very important question. The chairman and I and others directed a letter to the Secretary of Defense asking that the option for Midgetman be preserved for the next President. We interpreted this as maintaining a level of funding to be determined by the Secretary, which would keep the program viable that the next President could determine whether to go forward or to cancel.

Mr. BOWSHER. I believe that is why they put $200 million in the RDT&E account, Senator Warner.

Senator WARNER. You characterize it here as a program cancellation.

Mr. BOWSHER. It is a cancellation of the procurement appropriation——

Senator WARNER. Well, the sentence should be corrected to make it clear.

Mr. BOWSHER. Maybe we should add the fact that R&D money is still in the proposed budget.

Senator WARNER. I would urge you to do that forthwith, before any of these reports get out. The Secretary of Defense personally assured us in our open hearing that this was being done.

Mr. BOWSHER. There is no question that it was done. The $200 million is in there.

Senator WARNER. Now, in your judgment is that sufficient to preserve an option for the next President? If not, I will personally direct a letter to you today on this subject, so that we can formally clarify this issue. Then you can give me your judgment as to whether or not there are sufficient funds to maintain the program in a status that will enable the next President to have an option.

Mr. BOWSHER. We would be pleased to do that. We do not have the answer for you today, but we would be pleased to look at it.

Senator WARNER. I will direct that letter to you today. Thank you.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Warner.

Senator WARNER. We will enclose with my letter a copy of the letter to the Secretary of Defense from the chairman and myself and Chairman Aspin.

Mr. BOWSHER. That would be helpful.

Let me just summarize what we believe has happened. The net impact of the $15 billion reduction in procurement, with the exception of the program cancellations, was relatively minor in major systems. Most of the programs maintain the same quantities as planned in the initial fiscal year 1989 budget.

In the revised budget there is still enough flexibility to increase some programs, such as the Army's Apache helicopter, which had 72 added in the revised budget. The Air Force F-16 aircraft program had $288 million added for upgrades, and the AC-130U gunship increased by $73 million to meet congressional direction to upgrade special operating forces.

We have noted, however, that spares, modifications support equipment, and other items in the procurement accounts have declined in the revised budget. For example, the Navy's Other Procurement budget was reduced by $1.8 billion or 27 percent. That is a reduction from the planned budget to what was submitted in the revised budget. The Navy's Other Procurement budget actually increased over the amount received in fiscal year 1988. Of the $15 billion reduction in procurement, the reductions in funding for spares, modifications, and support equipment amounted to $7.2 billion.

In the operations accounts, overall requested funding for military personnel accounts was reduced by $3 billion. This resulted from two major changes: fiscal year 1988 end strength declined and fiscal year 1989 planned increases were eliminated.

Chairman NUNN. Mr. Bowsher, let me ask you, if you do not mind, why do we not go through the whole statement.

Senator WARNER. I think it would be helpful for me. We have caught one errata. I am beginning to think we might find another here, we are going so fast.

Chairman NUNN. Senator Warner has just added $40 million to the bow wave unilaterally while everybody was watching.

Mr. BOWSHER. You want me to continue from where I was, and just go straight through?

Senator WARNER. Let us just go straight through, Mr. Chairman.

Chairman NUNN. Perhaps back to the end of page 4. I think you started skipping at about the start of page 5.

Mr. BOWSHER. Let me start at the bottom of page 3. Another category of reductions in fiscal year 1989 resulted from early funding—that is, additional funds were provided in the fiscal year 1988 budget so that funding was no longer needed in fiscal year 1989.

The largest example of this was the full funding of two nuclear carriers and the buyout of the Aegis cruisers in fiscal year 1988. These alone accounted for $2.6 billion in reductions to the fiscal year 1989 request.

Some changes reflect decreases in RDT&E or procurement funding because technical problems delayed testing or production. Procurement funding for the Navy's MK 50 torpedo was reduced, but RDT&E funding was increased because of technical problems.

As a result of the reduced cost estimate and contract repricing, many programs reported program savings. For example, in the Navy weapons accounts, approximately $1 billion was identified through such reductions.

The next section I already covered. Overall requested funding for military personnel accounts was reduced by $3 billion. I think I also covered that.

Chairman NUNN. That is all right. Why do you not just start there. That will be fine.

Mr. BOWSHER. This resulted from two major changes: fiscal year 1988 end strength declined and fiscal year 1989 planned increases were eliminated. Overall active end strength declined by 36,000 in fiscal year 1988. Fiscal year 1989 active end strengths will now remain the same as the fiscal year 1988 level, rather than increasing as planned. The reserve end strength levels increased in fiscal year 1988 over 1987 levels. In the revised fiscal year 1989 budget, the reserve end strength decreases. The net increase is 22,000 reservists over fiscal year 1987 levels.

The operations and maintenance accounts were reduced by approximately $6 billion from the planned amount, but increased by $5 billion from the fiscal year 1988 levels. Some of this results from reductions in civilian personnel and some from force structure changes. The fiscal year 1988 civilian end strength declined and the fiscal year 1989 planned increases were eliminated.

Other reductions, such as retiring the 16 frigates in the fiscal year 1989 budget, are related to force structure changes and will have personnel implications and operations cost reductions. The services have not yet—as of this past Friday—priced out the full cost implications of these force structure changes.

Now, as we get into the 5 year implications of the fiscal year 1989 budget, the reductions being contemplated over the next 5 years are substantial, but they may not be as difficult to achieve as they might appear.

First, some reductions will occur as a result of the actions already taken in the fiscal year 1988 and 1989 budgets. Second, management initiatives, such as the process which DOD has just gone through, that is, the budget scrub, and more effective inventory management can produce large reductions.

Third, the request is $7.6 billion more than last year and the 5 year plan, even after reductions, calls for 2 percent real growth.

Although the services have adjusted their planned budgets for fiscal years 1990 to 1993 budget, we reviewed last year's budget submission books and the most recent selected acquisition reports to determine the planned costs through fiscal year 1993. We found that approximately $35 billion was planned between fiscal years 1990 and 1993 for the systems which were cancelled in this revised budget. This was in the investment accounts alone.

If the military end strengths remain unchanged throughout fiscal year 1993, then additional reductions in the order of $8.4 billion in the military personnel accounts could be realized. Some additional O&M reductions can be expected from the force structure changes. In all, the potential for reduction in subsequent years related to the fiscal year 1989 revisions may be about $50 billion.

FORCE STRUCTURE CHANGES

Chairman Nunn. Let me ask you one question there, if I could. You said the services have not priced out the full cost implications of the force structure changes. Does that $50 billion estimate you make include what you estimate to be the force structure changes?

Mr. Bowsher. No, it does not. We would also assume some additional reductions in O&M.

Chairman Nunn. So you are going to have more?

Mr. Bowsher. You could have more based on that.

Chairman Nunn. So $50 billion would not include some items that have been cut already that will be reflected when they get through scrubbing that down, is that right?

Mr. Bowsher. That is right.

Chairman Nunn. Do you have any idea what the ballpark figure is on that?

Mr. Bowsher. No, we do not at this time. But as soon as they give us the figures, we can review them for you.

Now, if further actions are taken in fiscal year 1990 to cancel marginal programs and to delay systems which are not ready for production, then further savings may be achieved for the fiscal years 1990 through 1993. The ripple effect in out years from each year's reductions will likely have some additional impact in subsequent years.

Some offsetting increases are likely as replacement systems for some of the cancellations are procured. All of these things need to be taken into consideration. When the FYDP becomes available, it needs to be analyzed to determine whether the plan still contains an unrealistic level of commitment to new systems.

FIVE-YEAR DEFENSE PLAN

Chairman NUNN. Could I ask you another question right there. We have got a 5-year defense plan requirement in the law and the Secretary of Defense has had a difficult time getting us that 5-year defense plan. You are saying you really worked from last year's 5-year defense plan and you do not have a new one.

Is that consistent with your findings? You do not find the 5-year defense plan that has been updated over there yet?

Mr. BOWSHER. No, we have not. I specifically asked my team that question, and they said that they had not seen one.

Chairman NUNN. When will they have that? Do you get any indication?

Mr. BOWSHER. The only indication I have seen is that the Secretary is planning to print it after the POM process; so it could be quite a bit later in the year when you finally see it and we finally get a chance to look at it. I think that is going to make your work difficult.

Senator WARNER. Your description of the 5-year implications are, with no disrespect intended, really all conjecture. You use "if" throughout. I am doubtful that the Secretary of Defense can maintain the current military end strengths, but that is your premise.

Mr. BOWSHER. What we did was use the available material that we could get our hands on now, like the SARs, and worked with it to give you a ballpark figure. But you are right, our figures would have to be redone once we have the FYDP.

Senator WARNER. Did you come up with a ballpark figure for the 5-year program?

Mr. BOWSHER. The $50 billion is really the carry-on result, you might say, of the decisions made this year in last year's budget. So you really do not know what the Secretary is going to do to get the larger amounts that he has to cut out of those future years.

Senator WARNER. What is your understanding of the larger amounts?

Mr. BOWSHER. It varies depending on which numbers you look at. But I think you are looking at $200 to $250 billion, somewhere in that ballpark.

Senator WARNER. With a 5-year program beginning in fiscal year 1989?

Mr. BOWSHER. Yes.

Chairman NUNN. Is that $200 to $250 billion beyond the $50 billion estimate you have already made?

Mr. BOWSHER. No, the $50 billion would be part of that.

Chairman NUNN. So if it was $250 billion?

Mr. BOWSHER. You might be closer to $200 billion.

Chairman NUNN. If it was $200 billion, it could be down to $150 billion?

Mr. BOWSHER. I think it might be closer to $250 billion, coming down to $200 billion. At least $200 billion would be my best guess at this point.

READINESS AND SUSTAINABILITY

Now, let's consider readiness and sustainability. Last year I testified before this committee that serious gaps had existed for over 6 years between DOD's military strategy and its capabilities and resources. I continue to be concerned about the levels of military readiness and sustainability. As you requested, we reviewed the readiness and sustainability status of the European, Atlantic, Pacific and Central Commands, and we will be sending you a report shortly. Now I would like to briefly summarize the results of our work.

Over the past several years the funding, in absolute terms, directed toward improving the readiness and sustainability posture of these forces has increased substantially. There is no doubt that the forces are more capable today than at any time in the recent past. However, military commanders believe they do not have all of the forces and material they need to carry out our worldwide commitments.

Over the past several years, DOD's emphasis has been to ensure that the combat forces have the required numbers of trained personnel and these personnel are properly equipped. The services generally report that their combat forces can perform the major portion of their assigned missions. The improved status of the combat forces has been achieved, at least in the Army, at the expense of the combat support/combat service support forces.

About 70 percent of the Army's combat support/combat service support units are in the Reserve components. These forces play a vital role in the wartime situation; however, these units are not as well prepared as the combat forces. To compensate for their deficiencies, the U.S. has agreements with certain allies to provide host nation support in those areas where the U.S. has shortfalls. However, even with host nation support, certain combat support and combat service support shortfalls continue to exist.

The question that is raised by the resource limitations issue is whether the forces could deploy within the timeframes prescribed in the operation plans. Many of these forces are supposed to deploy in the early stages of a conflict.

However, because of the resource limitations, some forces may not be able to meet their deployment schedule, and the Unified Commands may be faced with two choices: one, delay deployment until the limitations are corrected; or two, deploy units that may not be able to fully perform their assigned missions.

While the resource status of the force is important, equally important is the other half of the equation, and that is how long can the forces sustain a conflict, that is, what is the staying power of the forces.

The Commands report significant shortages of selected sustainability items. However, the situation may not be as bad as it first appeared, because if it is assumed that the U.S. does not execute more than one most demanding scenario at a time, then the missile shortages in the theater where the scenario is being executed could be reduced by transferring munitions from other theaters. Also, there are limited quantities of certain preferred munitions and larger quantities of less preferred munitions in U.S. depots that could be transferred to where the greatest need exists.

In a limited conflict situation, stocks will be transferred among theaters. JCS and service officials told us that in a most demanding scenario situation, they would transfer stocks from one theater to another only as a last resort because of vulnerabilities that such action would create in the other theaters. They also pointed out that there are sufficient stocks of less effective, less preferred munitions that could be used in lieu of the preferred munitions.

Notwithstanding personnel resource limitations and sustainability shortages, the Unified Commands believe that they can carry out their missions by, one, reducing expenditure rates of munitions; two, using less effective substitute munitions; and three, changing battle tactics. The Commands point out, however, that these alternatives are apt to result in less effective combat operations, increased personnel and weapon attrition, and more time to accomplish their military objectives.

Now, the Secretary has expressed his willingness as we enter a period of restrained Defense expenditures to address difficult issues. Part of this effort will involve trade-offs among various weapons systems, readiness and sustainability, manpower and force structure.

While we believe these trade-offs will have to be made, they will be difficult to make. Consider the magnitude of the problem. The Secretary has indicated that between $174 billion to $300 billion will have to be cut from the planned program during fiscal years 1990 through 1993. The procurement appropriations peaked in fiscal year 1985 at $96 billion and have declined since then. The revised fiscal year 1989 budget proposes $80 billion. We believe that the services still have too many systems chasing too few dollars.

Probably the single most cited difficulty in managing DOD's major acquisition programs is stability. Since the mid-sixties, the DOD budget has never had an extended period of stable growth. Rather, we see periods of rapid growth followed by periods of austerity followed by a rapid growth again. This cycle inhibits managers within the Department in making sound management decisions. It encourages managers to procure as much as possible when funding is relatively plentiful and not attempt to develop a stable and realistic procurement plan.

I doubt that Defense budgets will ever be as stable as DOD managers would like. This does not mean, however, that steps cannot be taken within DOD and the Congress to create as much stability as possible in an environment which will always be uncertain to some degree. For example, I think that effective fiscal guidance from the Secretary of Defense to the services is an absolute must and that the DOD's actions on its fiscal year 1989 request are encouraging.

Chairman **NUNN**. What does that sentence say about previous guidance?

Mr. **BOWSHER**. Well, I think any time that you do not have guidance, or you have unrestrained guidance, which is what we had in the McNamara era, you do not get as realistic budgets being submitted to the Congress.

Chairman Nunn. What have we had the last 3 or 4 years, 4 or 5 years?

Mr. Bowsher. I think the 1989 Defense budget was just unrealistic when you look at the overall budget and economic situation facing this country.

Chairman Nunn. You mean the 1989 budget before it was revised?

Mr. Bowsher. Yes, the 1989 budget before it was revised.

I think that Secretary Carlucci has given, much like Mel Laird did when he was Secretary, guidance to the services. I think that has forced much better thinking, much better decisionmaking, and it allows the Congress then to review a much more realistic budget submission than if you do not have that fiscal guidance.

Senator Warner. That is your meaning of the word "effective." I think they are effective. So what you are saying is it has been ineffective in the past, and Carlucci appears now to be directing those budgets in an effective way.

Mr. Bowsher. That would be my feeling, yes.

Senator Warner. And if I may say, go back in history, when we were there, we did it, I thought, fairly strictly. We did a plus three, minus three, and several iterations.

Mr. Bowsher. I think if you do not do it that way, and I was there for the last year of the McNamara era, it just gets very unrealistic. Everybody wants to have their request in there, and it all gets put in there, and then somebody else has to take it out, and it is difficult.

Senator Warner. Essentially, then, you are saying that the services had an undisciplined budget process for a number of years prior to Secretary Carlucci.

Mr. Bowsher. I would not want to go quite that far, John, but I think the fiscal guidance gives it much better discipline.

And in addition to fluctuations in budget authority, another fundamental obstacle which continues to hinder efforts to improve program stability is the reluctance to deal with fiscal pressures by eliminating marginal programs. Once a program is initiated, it develops its own constituency and becomes extremely difficult to terminate. The method we have historically used for dealing with budget constraints is to reduce many programs rather than eliminate marginal ones. Among other things, this approach hurts our ability to maintain economic production rates.

We also need to look at common missions and families of equipment——

Senator Warner. Mr. Bowsher, at that point, you know, it seems to me that it puts this text in perspective here. While we do lay a pretty heavy indictment on the Department of Defense, Congress has had a whale of an impact on this whole system.

Mr. Bowsher. Yes, I agree with that.

Senator Warner. Did you touch on that at any point?

Mr. Bowsher. We did back there, I believe.

Senator Warner. Well, it was a very oblique passage.

Mr. Bowsher. It is in there two or three times, in fact, because we particularly wanted to make that point.

We also need to look at common missions and families of weapon as areas of potential greater efficiencies. For example, in the past we have developed a variety of systems, from land based systems to aircraft, to attack tanks. While some variety of systems is probably desirable, we must exercise greater restraint in the future because we cannot afford to replace weapon systems on a one-for-one basis.

I think this is especially true in the TacAir area. We have had a number of different types of airplanes, and we have not been able to buy large quantities. I think that, as we move forward to the new generation, if we could have fewer types of aircraft we could probably have lower unit costs.

In the logistics area we have found many problems. DOD secondary item depot level inventory increased from about $43 billion in 1980 to about $90 billion in 1986. Also, between 1980 and 1986, stocks which exceed requirements increased by about $20 billion. This increase was about three times more than the increase in required stocks.

Chairman NUNN. Now, how does that happen?

Mr. BOWSHER. What I am saying is that overall we doubled the size of our inventory, and the slow moving items that we really have not used, tripled. This is an area that we had a hearing before Senator Glenn sometime back. I think this is an area where the services should work very hard to bring down the levels of inventory, and not buy nearly as many of those items that are not being used.

Chairman NUNN. Well, now, the average taxpayer out there would ask you this question. Why is that not already being done? It seems to me that you are just describing very inept management.

Mr. BOWSHER. Yes. I think the Packard Commission has addressed this issue, and I have talked to Dave Packard quite a bit about it. What he is saying is that we have the same inventory systems that we have had practically since World War II, and, that is, at every level, every commander wants his stocks and his bins filled for possible use. We have seen in our manufacturing or our commercial side, a whole revolution in the last decade in reducing inventories and to a great extent, we have learned from the Japanese.

In fact, I was at a meeting recently with an executive from Black and Decker. He said that in some of their manufacturing facilities today, they get inventory turn over 30 to 50 times a year in the same plants where they used to have inventory turnover two and three times a year.

Senator WARNER. But they are not fighting a war.

Mr. BOWSHER. They are not fighting a war, but I think the Packard Commission, John, looked at this area very carefully, and these are people that have been at the Pentagon, and understand the situation. I just think if you are going to make cuts in the Defense budget, this is an area that ought to be looked at very carefully because we have poured a lot of our budget into these inventories, and when we look at the return on them, we are not getting much usage.

DEPOT LEVEL INVENTORIES

Senator WARNER. But you know, I look back over the—I am in my 10th year here—when I came in here, it was a hollow Army and there were no spare parts, and we saw pictures of military equipment idle because of a tiny fuse and one thing or another.

There was a tremendous emphasis and impetus given by the Congress to start getting the pipeline of spare parts filled.

Now, as I read through this quickly here, it sounds like you feel, you call them DOD secondary item depot level inventories. I do not know what that means.

Mr. BOWSHER. They are basically spare parts. They are the kind of things that are not out at the front unit that have been expensed, you might say. These are actually kept in the inventories, back in the warehouses in Europe and in our major bases in this country. You have eliminated some of the problems that you were facing 10 years ago, no question about that.

Senator WARNER. Those problems were there, those problems were real.

Mr. BOWSHER. Yes, they were there and they were real. But what we are saying is, when we come in as reviewers and auditors and take a look at the numbers, what we are seeing is the inventory has doubled in size and it has tripled in slow-moving or nonmoving items. That tells you that you bought quite a few items as you tried to fix this problem that you did not need.

And I will tell you another thing, we are spending an awful lot of money moving this inventory around. We are moving it to Europe, and then we are moving it back to the United States, and then people are saying, well, do we have to dispose of it and things like that.

All we are saying is that this is an area we think that the services ought to look at very hard in an austere period of budgets.

Senator WARNER. And is this across the boards?

Now, theoretically, every part in a tank is essential to keep it fully operative, but I am getting the impression that you think in certain areas of fighting equipment, there are secondary parts that you could run on without them, or something, and we have got too many of those?

Mr. BOWSHER. No, what I am saying is that when we looked at all of these parts in all of these warehouses, we found that a lot of them have not moved in a year or two. It occurs in all of the services. In other words, we have done quite a bit of work in this area for Senator Glenn and Senator Wilson, and I think that our reports clearly indicate it is an area that needs looking at, and there are large amounts of money involved.

In the personnel area, military personnel costs keep escalating, and we need to examine these costs carefully. We need to make sure that we have the proper number and mix of officers relative to the number of command billets. We also have to analyze our entire military compensation package. It is becoming too expensive to recruit, train and retain highly skilled personnel and then retire them at the age of 40 or 50. This policy needs to be revisited.

The items I have just discussed may still not be sufficient to generate the necessary level of reductions needed throughout the entire period. Additional force structure reductions may be necessary. We may also have to rethink some of our worldwide commitments in light of our budgetary resources. The cost of keeping large numbers of forces overseas may begin to consume such a large portion of the budget that we will have to seriously consider alternative ways of meeting our commitments.

As the economies of our allies grow stronger, they should be more willing to increase their share of the burden. To make all of this work will require a continuing top level commitment from the administration and the Congress.

Mr. Chairman, Senator Warner, that concludes our remarks. We would be pleased to take any questions.

[The prepared statement of Mr. Bowsher follows:]

Statement of
Charles A. Bowsher, Comptroller General of
the United States

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to discuss the defense budget and some of the challenges facing Congress and the Department of Defense (DOD) today and over the next several years.

When I testified before your Committee last year, the primary concern I raised was whether we could afford all of the programs under consideration by DOD given the size of the budget deficit. I expressed the view that the DOD budget needed to be more realistic, the number of new programs should be limited, and marginal programs should be eliminated. I noted that program cancellations and postponements--rather than procurement stretchouts--were needed to reduce the budget, and I expressed concern about whether we could support the weapons platforms we have acquired, as the cost to maintain them will increase in the 1990s. The recent budget agreement reached between the Administration and the Congress reflect progress in beginning to address the affordability issue.

It appears that the services followed the Secretary's budget guidance and, as a result, some programs were cancelled, others were postponed, and uneconomical stretchouts were--for the most part--avoided.

Tough choices were made, but there were also some relatively "painless" cuts--for example, reductions that emerged as a result of Congressional action on the fiscal year 1988 budget. Additional cuts also emerged through management attention during the normal course of the budget "scrubs" conducted by DOD during the budget review process. This time, however, instead of applying the savings in some programs to increase others, the overall request was reduced.

The Secretary of Defense has stated that he plans to delete additional funds from the projected defense plan through fiscal year 1993. The Five-Year Defense Plan (FYDP) incorporating these changes has not been completed. More difficult decisions will have to be made, but I believe it can be done. While these reductions will be difficult, the fiscal year 1989 proposed budget still represents a $7.6 billion increase over the level funded in fiscal year 1988. Subsequent years also incorporate a 2 percent real growth each year.

It will be more of a challenge now than in recent years to manage DOD with a restrained budget and limited growth. Now, more than ever, tradeoffs have to be carefully weighed, redundancies checked, and inventories monitored to prevent the accumulation of materials which exceed requirements. Marginal programs will need to be analyzed and eliminated when costs outweigh expected benefits. "Red flags" must be heeded so that systems with technical problems do not go into production with built-in deficiencies that will be much more costly to correct later.

The next five years are going to be a challenge--not just for the Department of Defense, but for the Congress too--as we search for additional cost-saving opportunities in DOD's operations and investment activities. At the same time, the readiness of our forces and their sustainability must not be shortchanged.

Today, I would like to discuss where the revisions in the fiscal year 1989 budget were made, and their implications over the next five years. I will also discuss our work for the Committee in the readiness and sustainability area, and close with a brief discussion of what needs to be done.

REVISIONS TO THE FISCAL YEAR 1989 BUDGET

Most of the $33 billion in reductions in fiscal year 1989--approximately **$22 billion**--were taken in the investment accounts (Procurement, RDT&E, and Military Construction). The remainder came primarily from the operations accounts (Military Personnel and Operations and Maintenance).

Investment Accounts

The reductions in the Procurement and RDT&E accounts can be grouped into four broad categories: (1) program cancellations - either an existing program or one scheduled as a new start; (2) program deferrals, such as the delay of the next phase of development; (3) funding proposed for fiscal year 1989 was received in fiscal year 1988; and (4) some cost estimates were reduced.

Program cancellations yield the greatest savings both in the current year and for the subsequent years. The two largest Air Force cancellations--Midgetman and ASAT--amounted to **$2.9 billion in fiscal year 1989.** The largest Navy cancellation involved the A-6F aircraft. This will be replaced with another version, the A-6G, beginning in fiscal year 1990. The Navy has not yet completed the cost estimates for the remanufactured A-6G, so we do not know the extent to which increases in this remanufactured aircraft will offset the decreases in the A-6F program in fiscal year 1990 and beyond.

The largest Army cancellation involves the AQUILA which is a remotely piloted vehicle. Research will continue in the generic category, remotely piloted vehicles, in a coordinated program under OSD, as a result of Congressional direction. The combined effort will cost less initially, but subsequently there may be offsetting increases when a replacement remotely piloted vehicle is developed.

Another category of reductions in fiscal year 1989 resulted from early funding--that is, additional funds were provided in the fiscal year 1988 budget so that funding was no longer needed in fiscal year 1989. The largest example of this was the full funding of two nuclear carriers and the buy out of the Aegis Cruisers in fiscal year 1988. These alone accounted for **$2.6 billion** in reductions to the fiscal year 1989 request.

Some changes reflect decreases in RDT&E or procurement funding because technical problems delayed testing or production. Procurement funding for the Navy's MK 50 torpedo was reduced, but RDT&E funding was increased because of technical problems.

As a result of reduced cost estimates and contract repricings, many programs reported program savings. For example, in the Navy weapons accounts, approximately **$1 billion** was identified through such reductions.

The net impact of the **$15 billion** reduction in the procurement accounts, with the exception of program cancellations, was relatively minor in major systems. Most programs maintained the same quantities as planned in the initial fiscal year 1989

budget. In the revised budget, there was still enough flexibility to increase some programs, such as the Army's Apache helicopter which had 72 added in the revised budget. The Air Force F-16 aircraft program had **$288 million** added for upgrades, and the AC-130 U Gunship increased by **$73 million** to meet Congressional direction to upgrade special operating forces. We have noted, however, that spares, modifications, support equipment and items in the other procurement accounts have declined in the revised budget. For example the Navy's Other Procurement budget was reduced by **$1.8 billion**, or **27 percent**. Of the $15 billion reduction in procurement, the reductions in funding for spares, modifications, and support equipment amounted to $7.2 billion.

Operations Accounts

Overall requested funding for military personnel accounts was reduced by **$3 billion**. This resulted from two major changes: fiscal year 1988 endstrength declined and fiscal year 1989 planned increases were eliminated. Overall active endstrength declined by 36,000 in fiscal year 1988. Fiscal year 1989 active endstrength will now remain the same as the fiscal year 1988 level, rather than increasing as planned. The reserve endstrength levels increased in fiscal year 1988 over 1987 levels. In the revised fiscal year 1989 budget, the reserves endstrength decreases. The net increase is 22,000 reservists over fiscal year 1987 levels.

The Operations and Maintenance (O&M) accounts were reduced approximately **$6 billion** from the planned amount but, increased by **$5 billion** from fiscal year 1988 levels. Some of this results from reductions in civilian personnel and some from force structure changes. The fiscal year 1988 civilian endstrength declined and the fiscal year 1989 planned increases were eliminated.

Other reductions, such as retiring the 16 frigates, in the fiscal year 1989 budget are related to force structure changes, and will have personnel implications and operations cost reductions. The services have not yet--as of this past Friday--"priced-out" the full cost implications of these force structure changes.

FIVE YEAR IMPLICATIONS OF THE FISCAL YEAR 1989 BUDGET

The reductions being contemplated over the next five years are

substantial, but they may not be as difficult to achieve as they might appear. First, some reductions will occur as a result of actions already taken in the fiscal year 1988 and 1989 budgets. Second, management initiatives, such as the process which DOD has just gone through--that is, a budget scrub--and more effective inventory management can produce large reductions. Third, the request is $7.6 billion more than last year, and the five year plan, even after the reductions, calls for 2 percent real growth.

Although the services have not adjusted their planned budgets for fiscal years 1990 to 1993 budget, we reviewed last year's budget submission books and the most recent Selected Acquisition Reports (SARs) to determine the planned costs through fiscal year 1993. We found that approximately $35 billion was planned between fiscal year 1990 and 1993 for the systems which were cancelled in this revised budget. This was in the investment accounts alone. If the military endstrengths remain unchanged through fiscal year 1993, then additional reductions in the order of **$8.4 billion** in the Military Personnel accounts could be realized. Some additional O&M reductions can be expected from the force structure changes. In all, the potential for reduction in subsequent years related to the fiscal year 1989 revisions may be about **$50 billion.**

If further actions are taken in fiscal year 1990 to cancel marginal programs and to delay systems which are not ready for production, then further savings may be achieved for the fiscal years 1990 through 1993. The ripple effect in outyears from each year's reductions will likely have some additional impact in subsequent years.

Some offsetting increases are likely as replacement systems for some of the cancellations are procured. All of these things need to be taken into consideration. When the FYDP becomes available, it needs to be analyzed to determine whether the plan still contains an unrealistic level of commitment to new systems.

READINESS AND SUSTAINABILITY

Last year, I testified before this committee that serious gaps had existed for over six years between DOD's military strategy and its capabilities and resources. I continue to be concerned about the levels of military readiness and sustainability. As

you requested, we reviewed the readiness and sustainability status of the European, Atlantic, Pacific, and Central Commands and we will be sending you a report shortly. Now, I would like to briefly summarize the results of our work.

Over the past several years, the funding--in absolute terms--directed toward improving the readiness and sustainability posture of the forces has increased substantially. And there is no doubt that the forces are more capable today than at anytime in the recent past. However, military commanders believe they do not have all the forces and material they need to carry out our world-wide commitments.

Types of Resource Limitations

Over the past several years DOD's emphasis has been to ensure that the combat forces have the required numbers of trained personnel that are properly equipped, and the services generally report that their combat forces can perform the major portion of their assigned missions. The improved status of the combat forces has been achieved, at least in the Army, at the expense of the combat support/combat service support forces.

About 70 percent of the Army's combat support/combat service support units are in the reserve components. These forces play a vital role in a wartime situation; however, these units are not as well prepared as the combat forces. To compensate for their deficiencies, the U.S. has agreements with certain allies to provide host nation support in those areas where the U.S. has shortfalls. However, even with host nation support, certain combat support and combat service support shortfalls continue to exist.

Deployability of the Forces

The question that is raised by the resource limitations issue is whether the forces could deploy within the time frames prescribed in the operation plans. Many of these forces are supposed to deploy in the early stages of a conflict.

However, because of the resource limitations, some forces may not be able to meet their deployment schedule, and the Unified

Commands may be faced with two choices: (1) delay deployment until the limitations are corrected, or (2) deploy units that may not be able to fully perform their assigned missions.

Sustainability of the Forces

While the resource status of the forces is important, equally important is the other half of the equation, that is, how long can the forces sustain a conflict, i.e., what is the "staying power" of the forces.

The Commands reported significant shortages of selected sustainability items. However, the situation may not be as bad as it first appears, because if it is assumed that the U.S. does not execute more than one "most demanding" scenario at a time, then the missile shortages in the theater where the scenario is being executed could be reduced by transferring munitions from other theaters. Also, there are limited quantities of certain preferred munitions and larger quantities of less preferred munitions in U.S. depots that could be transferred to where the greatest need exist.

In a limited conflict situation, stocks will be transferred among theaters. JCS and service officials told us that in a "most demanding" scenario situation they would transfer stocks from one theater to another only as a last resort, because of vulnerabilities that such action would create in the other theaters. They also pointed out that there are sufficient stocks of less effective, less preferred munitions that could be ;used in lieu of the preferred munitions.

Not withstanding personnel resource limitations and sustainability shortages, the Unified Commands believe they can carry-out their missions by (1) reducing expenditure rates of munitions; (2) using less effective substitute munitions; and (3) changing battle tactics. The Commands point out, however, that these alternatives are apt to result in less effective combat operations, increased personnel and equipment attrition; and more time to accomplish their military objectives.

MANAGING DEFENSE RESOURCES

The Secretary has expressed his willingness as we enter a period of restrained Defense expenditures to address difficult issues.

Part of this effort will involve trade offs among various weapons systems, readiness and sustainability, manpower, and force structure.

While we believe these trade offs will have to be made, they will be difficult to make. Consider the magnitude of the problem. The Secretary has indicated that between $174 billion to $300 billion will have to be cut from planned program during fiscal years 1990 through 1993. The Procurement appropriations peaked in fiscal year 1985 at $96 billion dollars, and have declined since then. The revised fiscal year 1989 budget proposes $80 billion. We believe that the services still have too many systems chasing too few dollars.

Probably, the single most often cited difficultly in managing DOD's major acquisition programs is stability. Since the mid-sixties, the DOD budget has never had an extended period of stable growth. Rather we see periods of rapid growth followed by periods of austerity followed by rapid growth again. This cycle inhibits managers within the Department in making sound management decisions. It encourages managers to procure as much as possible when funding is relatively plentiful and not attempt to develop a stable and realistic procurement plan.

I doubt that defense budgets will ever be as stable as DOD managers would like. This does not mean, however, that steps cannot be taken within DOD and the Congress to create as much stability as possible in an environment which will always be uncertain to some degree. For example, I think that effective fiscal guidance from the Secretary of Defense to the services is an absolute must, and DOD's actions on its fiscal year 1989 request are encouraging.

In addition to fluctuations in budget authority, another fundamental obstacle which continues to hinder efforts to improve program stability is the reluctance to deal with fiscal pressures by eliminating marginal programs. Once a program is initiated it develops its own constituency and becomes extremely difficult to terminate. The method we have historically used for dealing with budget constraints is to reduce many programs rather than eliminate marginal ones. Among other things, this approach hurts our ability to maintain economic production rates.

We also need to look at common missions and families of equipment as areas of potential greater efficiency. For example, in the past we have developed a variety of systems--from land based systems to aircraft--to attack tanks. While some variety of systems is probably desirable, we must exercise greater restraint in the future because we cannot afford to replace weapon systems on a one-for-one basis.

In the logistics area, we have found many problems. DOD's secondary item depot level inventory increased from about $43 billion in 1980 to about $90 billion in 1986. Also between 1980 and 1986 stocks which exceed requirements increased by about $20 billion. This increase was about three times more than the increase in required stocks. Large increases in unneeded secondary items do not materially contribute to increased military capability, and such increases should not be allowed to occur in the future. Last year, we reported that repair parts inventories in Europe became too large for Army units to manage effectively. Most parts were not needed to support the weapon systems in their first 2 years of fielding and 70 to 80 percent had to be returned as excess. We have also found early buys of large quantities of B-1B aircraft spare parts some of which became obsolete and required extensive modification or disposal.

In the personnel area, military personnel costs keep escalating and we need to examine these costs carefully. We need to make sure that we have the proper number and mix of officers relative to the number of command billets. We also have to analyze our entire military compensation package. It is becoming too expensive to recruit, train and retain highly skilled personnel, and then retire them at the age of 40 or 50. This policy needs to be revisited.

The items I have just discussed may still not be sufficient to generate the necessary level of reductions needed throughout the entire period. Additional force structure reductions may be necessary. We may also have to rethink some of our worldwide commitments in light of our budgetary resources. The cost of keeping large numbers of forces overseas may begin to consume such a large portion of the budget that we will have to seriously consider alternative ways of meeting our commitments. As the economies of our allies grow stronger, they should be more willing to increase their share of the burden. To make all of this work will require a continuing top-level commitment from the Administration and Congress.

Mr. Chairman, that concludes my prepared remarks. I would be pleased to address any questions the Committee may have at this time.

Chairman Nunn. Thank you very much, Mr. Bowsher.

I am going to defer to Senator Warner for the first question.

Senator Warner. Thank you, Mr. Chairman.

RATIO OF OFFICERS TO ENLISTED MEN

Let's just pick up on that last page, or the next to last page.

We need to make—this is page 11—we need to make sure that we have the proper number and mix of officers relative to the number of command billets. And I presume also we need to look at the ratio of officers to enlisted men.

Mr. Bowsher. Yes.

Senator Warner. When is the last time GAO did a study on that subject?

Mr. Conahan. We have issued two reports over the past year or so, Senator.

Senator Warner. On those subjects.

Mr. Conahan. Yes. We reviewed the officer reduction that was mandated by——

Senator Warner. Well, you have pretty well covered that field, and the Congress has the benefit of your wisdom on it now.

Mr. Conahan. And we are continuing to do work, yes, sir.

COSTS OF MILITARY PERSONNEL

Senator Warner. Now, in the personnel area, military personnel costs keep escalating. Pay I think is essential, and we have a 4 plus percent, 4.2 percent I think it is, in this bill.

You are not criticizing the pay level, are you?

Mr. Bowsher. We are not criticizing the pay increase.

Senator Warner. Then what would be the costs other than pay?

Mr. Bowsher. I think the major element that you can do something about is the mix of officers to enlisted men and to the command billets. We bring an awful lot of officers through the system. Another report that we issued recently involved the Air Force and how many pilots are trained and brought through the system. So these are some of the areas.

And also, I think, at some point, this retirement issue should be revisited. There are just certain billets, certain skills that obviously need young men and young women, but other positions could be performed by people over the longer period, and we are——

Senator Warner. I think that is a fair criticism.

The next paragraph down, the cost of keeping large numbers of forces overseas. Now, it always sounds expensive, but you have run the parallel costs of bringing them back home and housing and billeting.

Is there any simple formula there as to what that is?

Mr. Bowsher. Yes, our thought is not to bring them home.

Senator Warner. Beg your pardon?

Mr. Bowsher. Our thought, Senator, is if you are going to make real cost reductions, is if you could make some reductions overseas, you might not bring them home. In other words——

Senator Warner. What you are saying here is——

Mr. Bowsher. Real force reductions.

Senator Warner. Real force reductions overseas.

Mr. **Bowsher**. That is correct.

Senator **Warner**. Well, then that brings you into, of course, political considerations. For example, the chairman and I recently were in Europe on these issues of INF, and so forth, and there is a good deal of concern over there that there could be a move in this country to bring down those forces.

So you are looking at costs—and of course, we did not ask you to address the political ramifications.

Mr. **Bowsher**. And we recognize that there are large political ramifications on this, but at the same time, we did want to bring it up as one of the issues that we think will have to be faced. When you look at all of the large forces that we have at the command and the staff levels throughout Europe, I think that is just one thing that will have to be examined.

HOST NATION SUPPORT AGREEMENTS

Senator **Warner**. Well, that brings me to a question on page 7. We are talking about the host countries there, and you indicated that the United States has entered into host nation support agreements because of readiness deficiencies in our combat support and combat service support units.

Somehow there is an understanding over here that the host costs support forces are in addition to our program forces and not compensation for a lack of U.S. readiness. In other words, if all of our supporting forces were combat ready, we would still require host nation support forces to support our combat forces.

Mr. **Bowsher**. That is right.

What I think is happening over there is that—we have seen it in Germany, where they are trying to get some of their reserve units ready to support our units, and I think that goes back to when, I believe it was the leadership of this committee, encouraged them to do so—we encouraged our own forces over there to reduce the size of our logistics forces, and to have a better combat to support forces ratio. What we are saying is we have seen efforts by the host countries trying to come in and support that concept, but they have not been completely successful. So the commanders still believe that there are some problems when we talk with them.

FORCES AND MATERIAL SHORTAGES

Senator **Warner**. My last question, Mr. Chairman, is on page 7, the middle of the page, and I will recite your remark. "However, military commanders believe they do not have all the forces and material they need to carry out our worldwide commitments."

Now, that is an issue which this committee has been focusing on for some time, and indeed, when Secretary Carlucci came up, he was pressed on a number of questions by myself, the chairman and others. But I am not sure military commanders are standing up on a soap box and announcing to the world that they do not have sufficient assets to fulfill their military commitments. I mean, we phrase it slightly differently than you have it here. I mean, this is a headline grabber you have got here. There is just no equivocation in the statement.

And you have got to, I think, lay a foundation of are we going to try and fulfill every commitment simultaneously, or—I wonder if you might reexamine that sentence a little bit.

Mr. BOWSHER. Yes. Well, maybe we should. But when we perform our interviews in these areas, they do point out some of the shortages that they are facing in some of the weapons systems and they do make statements like that.

Senator WARNER. Well, it seems to me——

Mr. BOWSHER. But they always add that they will get the job done. There is no question about that. And I think that is what they tell the Congress, as well.

Senator WARNER. And it depends on a number of contingent situations and how to deal with it at one time.

You have been very generous in giving me the time. Thank you.

Thank you, Mr. Bowsher.

Mr. BOWSHER. Thank you very much, Senator.

BOW WAVE

Chairman NUNN. Last year, Mr. Bowsher, you testified that we had, I believe, a $750 billion bow wave, and by that I believe you meant programs that had already been started, that were in the budget cycle, that that was the amount of money it would take to buy them out.

Is that right?

Mr. BOWSHER. I think that was the total that the major weapons programs would be. I think we said that gave you a very large bow wave to buy these out.

Chairman NUNN. Do you have an updated figure on that, what the bow wave is after the adjustments that have been made in 1988 and 1989?

Mr. BOWSHER. No, we do not and we will not until we get this FYDP. We really cannot calculate it. But it is one of the things that we plan to do as soon as we have the information.

Chairman NUNN. Could you get that figure to us when you receive the information?

Mr. BOWSHER. Yes, we would be pleased to.

Chairman NUNN. How do you assess whether we are really cutting in a balanced way this 1989 budget, as submitted as, between force structure, modernization, readiness and sustainability?

Mr. BOWSHER. On balance, we think the reductions were done fairly well. We think the modernization has not been hurt all that much. By and large you have not cut your forces very much. I think the concern that we have on readiness and sustainability goes back prior to this budget. We see this budget submission as not being unduly negative, you might say, in where the U.S. forces stand.

Chairman NUNN. We have got some very large systems that have started now, the Advanced Tactical Fighter, the Advanced Tactical Aircraft, the C-17, the V-22, tilt rotor, the SSN-21, Midgetman, which has been funded for 1 year, I believe, taken out of the outyears is what they have done with it, have they not?

Mr. BOWSHER. That is correct.

Chairman NUNN. Do you think they are going to be able to keep all these programs, not necessarily these, but others like these, or are we going to have to have very large cuts of total programs?

Mr. BOWSHER. I think you are going to have to have some cuts of total programs if you are to meet the Gramm-Rudman targets of the next few years. I think the budgets will be more constrained, and I do not think you will be able to do without some cancellations. That was one of the things that worried us a great deal as we looked at the program in the early part of this decade. So many programs and so many different weapon systems were being put into the pipeline that I think it will probably require some cancellations.

Chairman NUNN. Well, the $200 billion, $250 billion figure you used a while ago about the amount that has to be cut out over the next 4 years, that is assuming Secretary's Carlucci's 5-year budget plan is funded as requested, is that right, assuming a 2 percent growth?

Mr. BOWSHER. That is correct.

GROWTH RATE IN DEFENSE

Chairman NUNN. Now, what you are adding to that is, I believe, a very important point. The President has asked for a 2 percent growth rate in defense. I myself think that is a reasonable amount. I think even under conditions of fiscal restraint we need a growth rate in defense. But the President does not meet the Gramm-Rudman targets with his own budget except at least theoretically and somewhat questionably this year, is that not your assessment?

Mr. BOWSHER. Correct.

Chairman NUNN. He does not meet the outyear targets of Gramm-Rudman?

Mr. BOWSHER. In fiscal year 1989, CBO has the deficit being priced closer to $165 billion rather than $136 billion. So you have got quite a gap.

Chairman NUNN. Well, how about the years after that, 1989, 1990? Even the President's own figures do not meet it, do they?

Mr. BOWSHER. No, it gets worse. That is right. And——

Chairman NUNN. How far does the President meet the deficit—and I am not trying to get CBO's assumptions. I am just saying how far does he miss the deficit targets of Gramm-Rudman in his own budget?

Mr. BOWSHER. I do not have that with me.

Chairman NUNN. Could you furnish that for the record?

Mr. BOWSHER. We can certainly furnish that for the record.

I think one thing that people do not fully realize is that from fiscal year 1988 to fiscal year 1989, the Gramm-Rudman target deficit goes down by $8 billion, but after that, you go down at a record rate of $36 billion a year. So it is very deep——

Chairman NUNN. So if Congress sticks to the Gramm-Rudman, enforces that——

Mr. BOWSHER. Yes.

[The information follows:]

The following deficit numbers were presented in the President's budget. When contrasted with the Gramm-Rudman-Hollings (G-R-H) deficit targets below, the President's projected deficits will exceed the (G-R-H) deficit targets for each year in the 1900 to 1993 period. Further, in 1991, 1992 and 1993 the projected deficits will exceed their target by more than $10 billion which would cause the Office of Management and Budget to begin the automatic cuts.

BUDGET SUMMARY

(In billions of dollars)

	1987	1988	1989	1990	1991	1992	1993
Receipts	854.1	909.2	964.7	1,044.1	1,124.4	1,189.9	1,258.1
Outlays	1,004.6	1,055.9	1,094.2	1,148.3	1,203.7	1,241.0	1,281.3
Surplus or deficit (−)	−150.4	−146.7	−129.5	−104.2	−79.3	−51.1	−23.3
Gramm-Rudman-Hollings deficit targets	−144.0	−144.0	−136.0	−100.0	−64.0	−28.0	0.0
Difference	6.4	2.7	−6.5	4.2	15.3	23.1	23.3

Note.—Totals include social security, which is off-budget.

Chairman NUNN. The President is asking for a 2 percent growth in defense over a 5-year period, but the President does not meet his own numbers, his own assumptions. If you take everything he says as absolute gospel, he does not meet the Gramm-Rudman targets after this year, is that right?

Mr. BOWSHER. I believe that is right. I do not have those numbers in front of me, but——

Chairman NUNN. How can we get a 2 percent——

Mr. BOWSHER. And certainly with the CBO's concerns he does not meet them.

Chairman NUNN. How can we get a 2 percent growth in defense for the next 4 years, which I think is necessary, even if everything works out like the President is asking?

Mr. BOWSHER. You will have to have tax increases or bigger cuts on the domestic side.

Chairman NUNN. Bigger than the President has requested, correct?

Mr. BOWSHER. Right.

Chairman NUNN. I do not think many people understand that. I think it does show the difficulty of where we are and the tremendous difficulty that we have up here in the Congress and also for Secretary Carlucci and his successor.

Mr. BOWSHER. I agree, sir.

Chairman NUNN. I think it is a bad dream. It is a very, very bad kind of projection as far as where you go.

Senator Thurmond, I have other questions, but why do I not defer to you and come back.

Senator THURMOND. Well, thank you, Mr. Chairman. I will not take but a few minutes.

Mr. Bowsher, we are glad to have you with us.

Mr. BOWSHER. Thank you, Senator.

U.S. DEFENSE CAPABILITIES INADEQUATE

Senator THURMOND. Last year you testified that U.S. defense capabilities were inadequate to meet our commitments and had been so for about 6 years.

What percentage of our gross national product would have to be spent on defense to close the gap between our resources and our commitments?

Mr. BOWSHER. I do not think I have that figure today, and what our——

Senator THURMOND. Could you supply that for the record?

Mr. BOWSHER. That is a function of——

Senator THURMOND. Could you supply that for the record, unless you know it? I would prefer you get it accurate.

Mr. BOWSHER. We do not have it right now. What I am concerned about is whether we can supply it even for the record. We will certainly look at it and see what we can do, Senator.

[The information follows:]

Since World War II, the percentage of the U.S. Gross National Product this country has devoted to defense spending has fluctuated between 3.7 percent and 14.4 percent. Those periods corresponding to peaks in our military involvement saw expenditures rise. Since 1981 we have fluctuated between 5.3 percent and 6.5 percent. The proposed fiscal year 1989 Defense budget, if enacted, would be about 5.9 percent.

Whether this level of expenditure will be adequate to meet our world-wide commitments is difficult to predict. Clearly, arguments can be made supporting both higher and lower defense expenditures.

Senator THURMOND. All right.

B-1B SPARE PARTS

Mr. Bowsher, in your testimony you indicate that some of the large quantities of B-1B spare parts are obsolete.

What parts are obsolete? What is the value of this investment and the cost of necesssary modifications?

Mr. BOWSHER. I think it is the defensive avionics which is the part that is not being fully utilized there. We can certainly supply that for the record.

[The information follows:]

The Air Force used a concept it called expanded advance buy to acquire spare parts for the B-1B. This involved ordering combined initial and replenishment spares in quantities anticipated to be needed to support B-1B aircraft for 4 years. Also, the Air Force ordered additional quantities of B-1B parts for use as safety and wartime stocks.

A large number of design changes have been made to parts for the B-1B aircraft. As design changes are made, some of the parts can become obsolete and, as a minimum, require modifications before use. To minimize the quantities of obsolete parts, the Air Force requires B-1B contractors to provide ordered parts in the latest approved design.

Although design changes have been made throughout the B-1B aircraft, the defensive avionics system has been particularly unstable. Many design changes have been made and another major change is being negotiated. Our work on a limited sample of the system's parts has shown obsolete parts. However, neither we nor the Air Force has identified the full extent of obsolete parts and the estimated cost of necessary modifications.

Senator THURMOND. I would like to ask you this. It has always been my opinion that the first purpose of government, the primary purpose of government is to protect its citizens, protect them against external enemies and protect them against internal enemies. Of course, the internal enemy, as I see it today, is the criminal. The external enemy that we have to cope with, and I think it is well known, is the Soviet Union, until they change their desire for world domination.

Now, from the study you have made of this situation, how do you feel is the best way to keep this country strong? Is it going to be necessary to cut the social programs? Is it going to be necessary to take other steps?

Mr. BOWSHER. I think you have a strong defense program now, Senator. I think the defense of our country has been well funded here.

The areas that we have found problems are in the sustainability and some of the readiness areas. I think these have to be worked on a continuous basis. But I do not believe that huge amounts of money are necessarily the answer. It is the same with the inventories. We believe that the inventories have been built up. We find all of the warehouses today are full. We think that the services have to look very carefully at whether they are managing these inventory programs, these spare parts programs, and these modification programs as efficiently as possible. I think as you go through a period of austerity in the Defense budget, that this is a good time to try to get those efficiencies and better management in place.

I think that is what is needed in the next 2 or 3 years. If you can maintain the level of funding for the Defense programs here, I think you will have a strong Army, Navy and Air Force.

Senator THURMOND. Well, are we doing enough now, do you think, for defense?

Mr. BOWSHER. Well, I think that you have started a lot of new weapon systems. I think you are paying the people well. I think, as we point out in our statement, that some of the other countries ought to share the burden more, be able to provide more of the manpower than they have traditionally provided.

Senator THURMOND. I think our chairman has suggested that for several years, that others bear a greater share of the burden here, and I heartily agree with him.

Go ahead.

Mr. BOWSHER. I think you have to be very, very careful as you look at these weapon systems, at the key milestones—and that is another thing that the chairman and your committee have started looking at—because we do not want to send these major and very costly weapon systems into production unless they are ready. We have found, and I think the B-1 bomber is a good example, we spend a fortune fixing these weapons after we get them into production when the programs have technical problems.

I think the key in the near future is looking very closely at these major weapons as they proceed through the milestones, to make sure that they can do the job that the Congress has been told that they are going to do. And if not, I think the programs should be held up until the fixes are made rather than going into production.

I think this is an area where we have made a lot of mistakes in the past, and it has cost us a lot of money.

Senator THURMOND. After the 1st of January we will have another administration, a new administration. President Reagan's term will be expired.

What do you recommend at this time, what steps do you recommend at this time that we do, considering the fiscal situation, considering the $2½ trillion debt, and yet the need to keep this country prepared which I think is the first obligation?

Mr. BOWSHER. Well, I think what has to be done in the next few months is to try to live within the budgetary agreement that the Congress and the President made. As soon as you get the FYDP——

Senator THURMOND. Is that the Gramm-Rudman-Hollings, you mean?

Mr. BOWSHER. It was forced by the Gramm-Rudman process.

Senator THURMOND. Yes, that is what I mean.

Mr. BOWSHER. I think it was a separate agreement, but it was forced by that process.

Senator THURMOND. That is right.

Mr. BOWSHER. I think that you have to get the FYDP from the Secretary of Defense to know what the outyear program commitments are.

I think that when you were not given that FYDP last year, it made the committee's efforts very difficult to know what are the outyear problems and where are the areas that have to be examined. As soon as Secretary Carlucci can provide the FYDP and we analyze it for you, at that time you can start making plans for the coming administration.

I think that attempting to plan for the next administration before you have such an analysis would be difficult.

Senator THURMOND. Thank you very much.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, Senator Thurmond. Very good questions.

SERVICE GUIDELINES

Mr. Bowsher, Secretary Carlucci gave the services guidelines, and he told them how they should go about analyzing their own budgets in order to meet the cuts, and he said they should terminate old programs, seriously scrutinize new starts, maintain efficient production rates, and cut force structures if necessary.

How well did the services follow these general guidelines?

Mr. BOWSHER. We think they followed the guidelines quite well. As we pointed out, they had some things going for them. For example, when the Navy got its carriers and cruisers funded in fiscal year 1988, it made it easier for the Navy in fiscal year 1989. On balance, I think the services followed Secretary Carlucci's instructions quite well.

SPARE PARTS FUNDING

Chairman NUNN. The spare parts funding is being reduced, requestwise, is it not, rather significantly?

Mr. BOWSHER. Yes, it is. And yet I believe it is still above 1988. In other words, it is quite a reduction from the planned expenditure in 1989, but I believe you still have an increase over the fiscal 1988 budget level.

Chairman NUNN. Of course, 1988 took a big cut.

Mr. BOWSHER. That is correct, Mr. Chairman.

INVENTORY SYSTEMS

Chairman NUNN. I know you have talked about getting the wrong kind of spare parts, those we do not need, the logistics we do not need, or at least not a very quick turn over.

Are we going to run into the other side of that coin? Are we going to have systems that do not have enough spare parts?

Mr. BOWSHER. You could easily have that situation occur if the services do not get their inventory system straightened out. In other words, we found a lot of trouble with the accuracy of the systems. The services are ordering things that they already have, but they do not know they have.

If you do not get improved inventory management and logistics management in the services, you could run into problems in the future.

Chairman NUNN. You mean they do not have a good inventory of what they have, possibly do not have a good working knowledge.

Mr. BOWSHER. We are finding significant problems in those areas. We have issued reports on this, and we would be happy to share them with this committee.

Chairman NUNN. In this day of computers and all the knowledge that can be stored on computers, how do you not know what you have got in inventory?

Mr. BOWSHER. That I think is the sad thing.

Chairman NUNN. I think it is awful.

Mr. BOWSHER. We are running, as the Packard Commission pointed out, a post-World War II inventory system which has a great tendency for every commander to have all of the bins filled. Therefore, we are overordering, and in the day of computers, it is just a tragedy not to have accurate information and be able to order only what you need.

Chairman NUNN. So we may have, on one hand, excessive inventories of some items while running out of others that are critical.

Mr. BOWSHER. That is correct, Mr. Chairman.

Chairman NUNN. Are the services aware of this?

Mr. BOWSHER. Yes, they are.

Chairman NUNN. Is Secretary Carlucci aware of it?

Mr. BOWSHER. I have not discussed this with him. I would think he would be, but I do not personally know that he is.

Chairman NUNN. Do you detect, at the level that you communicate with in the services, that they are alarmed about this?

Mr. BOWSHER. Yes, sir, I think they are. As the services enter a period of more austere budgets, this is generally when the services will pay attention and try to improve in these areas.

As long as they have ever-increasing budgets there is a tendency to just keep ordering.

Chairman NUNN. You are saying if you are increasing the Defense budget, you get bad management, is that right?

Mr. BOWSHER. I think you do get inefficient management during those periods of too rapid expansion.

Chairman NUNN. Have we been through one of those periods.

Mr. BOWSHER. I think so.

Chairman NUNN. Your testimony notes that of the $15 billion reduction in the procurement accounts in the amended 1989 request, almost half was in the area of spare parts, modifications and support equipment. So we are taking a big chunk out of these.

Mr. BOWSHER. That is right. But that was out of a very large buildup.

Chairman NUNN. Do you believe they know enough about the inventory that we could be confident that what we will be buying with this money allocated this year is going to be the correct items, or are we going to be appropriating money to a system that does not know what to buy?

Mr. BOWSHER. Based on our audit reports, I would be worried. I am worried.

Chairman NUNN. So we are going to be asked to put up money that we are not at all sure is even going to go to the right things.

Mr. BOWSHER. Unfortunately, I think the answer is yes. And I would hope that this committee and the other committees would put a good deal of emphasis on this area as you meet with the services.

Chairman NUNN. How in the world do you suggest we proceed? On the one hand we are going to be told you are running out of spare parts, and on the other hand we are told that they do not have enough inventory control to even know whether they are buying the right things.

This puts us in a horrible dilemma, does it not?

Mr. BOWSHER. It does, unfortunately.

Chairman NUNN. And you do not have an answer.

Mr. BOWSHER. Well, I think it is up to the services. They have to manage this area a lot better than they have in recent years.

Chairman NUNN. If you were sitting over here, what would you demand? What would be your minimum requirements before you get them the money they requested this year in these areas?

Mr. BOWSHER. We have specific recommendations, Mr. Chairman, in our reports on these inventory problems. Your staff might want to look at them.

Chairman NUNN. Have you gotten those reported to us yet? Are they already here?

Mr. BOWSHER. I believe they are already here.

Chairman NUNN. So you do have a list of specific recommendations.

Mr. BOWSHER. Yes, we do.

Chairman NUNN. Well, thank you very much.

It is not a very encouraging picture. It is encouraging to the extent that you seem to be saying that Secretary Carlucci is proceeding down the right road.

Mr. BOWSHER. No question.

Chairman NUNN. And the services are now aware of the problems.

But it is discouraging to the extent that you laid out a pretty grim picture of what has happened in the past years, and also, a rather grim picture of the inability to correctly manage inventories now and to know what we are ordering.

So I would say that it is not a very pretty picture.

Is that a wrong assessment?

Mr. BOWSHER. No, I think it is a serious situation and one that you have to worry about.

Chairman NUNN. Senator Thurmond.

Senator THURMOND. Mr. Chairman, I think that is all I have.

Thank you, very much.

Thank you, Mr. Bowsher.

Mr. BOWSHER. Thank you, Senator.

Chairman NUNN. Do you have anything else that you would like to add, Mr. Conahan?

Do you have anything you would like to add? You have been superb in working with us, and you are right on the front line, so I would like to give you an opportunity to cover anything that you think needs more emphasis.

Mr. CONAHAN. We have worked with your staff very well over the past several years. The things that Mr. Bowsher has been talking about is a result of an open dialogue that we have with the staff of this committee.

I think that he has covered the principal points. We do need to lay out for the incoming administration our thoughts and your thoughts. This has to be done so that at a very early period the next administration can begin taking some of the corrective actions that we think are necessary before some other agendas get in the way.

Chairman NUNN. Is there any chance we can get our allies particularly the European, to buy any excess inventories, possibly at a discount rate and put——[Laughter.]

They are going to be out of ammo in a few days in some cases, even routine ammo over there, and here we are with excess inventories. I am not sure whether it is ammunition or what it is. We are out of synch completely, and we are not going to have money to have spare parts that we may critically need.

Mr. BOWSHER. And as I said earlier, some of it is even being shipped back to this country, and all of this transportation cost mounts up.

Chairman NUNN. You mean we have excess inventories over there and then ship them back?

Mr. BOWSHER. Exactly.

If I could just add one other item, Mr. Chairman. One of the areas that the committee should ask the services to look at is the forces overseas. I think that as we look overseas, we see a lot of U.S. bases, and a lot of forces. The manpower costs are very real in our budget, and if we could get, for example, the German reservists to carry more of the load, I think it would be a significant factor in your budgets of the next few years.

Chairman NUNN. The Germans have all sorts of pretrained manpower. They just do not have them properly equipped.

Mr. BOWSHER. That is right, and maybe what we have to do is lend a hand in equipping these forces.

Chairman NUNN. That is why I inquired. Has anybody taken a look at our excess inventories to see if it could be of any help to the people who are trained but do not have the equipment? It may be a mismatch. It may not be even the same type of inventory.

I wonder if that is worth looking into.

Mr. CONAHAN. One of the difficulties, Mr. Chairman, as you know, is the whole problem of standardization. Much of what we have is not in the German inventory, and is, therefore, not usable.

The spare parts excesses that we have involve our unique equipments, and there is not really very much potential.

Chairman NUNN. Well, I am told that we do have a few common ammunition stocks, and that we have ammunition stocks, in Europe for instance, that could run between 40 and 70 days. And the allies' supply gives out in anywhere from 5 to 10 days, and when they run out the conventional war is over.

I believe this situation is badly out of synch.

Mr. CONAHAN. I think that that has been a problem for a very long time.

Chairman NUNN. But if this stock will not fit the same gun, it does not do you any good, does it?

Mr. BOWSHER. That is right.

Chairman NUNN. But I do believe some c [illegible] exchangeable.

Mr. BOWSHER. I think the standardization [illegible], the reserves, the whole inventory system, and eventually [illegible] manpower issues present potential areas for significant savings in the next few years.

Chairman NUNN. Are you saying we can reduce our overseas manpower commitments without reducing the effectiveness of our forces?

Mr. BOWSHER. Well, if the other countries' reserve forces could play a greater role, I think there is that possibility.

Chairman NUNN. Well, as you know we started down that line 10 or 12 years ago, with my amendment to allow the conversion from support to combat, but you stated today that a lot of that conversion has not worked as of yet.

Mr. BOWSHER. Still it is the right way to go. What is working is certainly a step in the right direction, and we would encourage you to keep moving along that line.

Chairman NUNN. Senator Thurmond, do you have any questions?

Senator THURMOND. No more, thank you, Mr. Chairman.

Chairman NUNN. Mr. Bowsher, we appreciate your being here today. We know members of your staff are here with you today, also and we appreciate their very good work, too.

Mr. BOWSHER. Thank you very much.

[Whereupon, at 3:12 p.m., the committee recessed subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1989

TUESDAY, MARCH 15, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

UNIFIED COMMANDERS

The committee met in open session, pursuant to notice, at 9:35 a.m. in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Present: Senators Nunn, Exon, Kennedy, Dixon, Warner, Humphrey, Cohen, Symms and McCain.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Romie L. Brownlee, deputy staff director for the minority; Robert E. Bayer, Robert F. Bott, Jonathan L. Etherton, Richard D. Finn, Jr., Judith A Freedman, Sherri Wasserman Goodman, John J. Hamre, George K. Johnson, Jr., Ronald P. Kelly, James R. Locher III, David S. Lyles, Mark B. Robinson and Daniel J. Wildfong, professional staff members; Richelle M. Turner, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; Gregory J. Weaver, assistant to Senator Levin; William J. Lynn, assistant to Senator Kennedy; Milton D. Beach, assistant to Senator Glenn; Leon Fuerth, assistant to Senator Gore; Robert K. Griffith, assistant to Senator Wirth; Terrence M. Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Christopher Mellon, assistant to Senator Cohen; Henry D. Sokolski, assistant to Senator Quayle; Mark J. Albrecht, assistant to Senator Wilson; and Sean O'Keefe, assistant to Senator Stevens.

OPENING STATEMENT BY SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The Armed Services Committee meets today to continue its review of the Amended Fiscal Year 1989 Defense Authorization Request.

This morning the committee will hear the views of three unified commanders on the budget request. We will receive testimony from two other unified commanders this afternoon. Other commanders will appear before the appropriate subcommittee. These senior military officers bear responsibility for commanding, organizing, joint training and employing forces from all four services.

For too long the unified commanders lacked all the authority they needed to carry out their demanding responsibilities. The

Goldwater-Nichols Defense Reorganization Act was designed to correct this problem. Eighteen months have passed since that legislation was enacted into law.

The committee looks forward to hearing our witnesses' assessments of the progress that has been made in implementing this legislation.

In recognition of their key warfighting responsibilities, this committee began the practice 4 years ago of inviting the unified commanders to testify on the annual budget request. Because the Defense budget should be focused on meeting the operational requirements of the combatant commands, it is appropriate that the committee hear first from these commanders. This approach enables the committee to judge how well the budgets of the individual military services meet the priorities of the unified combatant commanders.

I would like to welcome today on behalf of Senator Warner and myself and all the members of the committee three unified commanders to this morning's hearing: Adm. Ronald Hays, the Commander in Chief of the U.S. Pacific Command and Gen. George Crist, the Commander in Chief of the U.S. Central Command—they will be testifying before this committee for the third time, I believe, in their current positions.

Appearing with Admiral Hays and General Crist will be Lt. Gen. Harry Goodall, the Deputy Commander in Chief of one of the newest Unified Commands, the U.S. Special Operations Command.

Under the leadership of Senator Bill Cohen and the late Congressman Dan Daniel, the Senate and House Armed Services Committees worked closely together in 1986 to create this needed Joint Command. Although much more work on Special Operations remains to be done, we are encouraged by the progress that the Command has made so far.

So we welcome General Goodall as the first representative of the Special Operations Command to testify before the committee.

Am I pronouncing that right, General?

General Lindsay, the Commander in Chief, has a longstanding operational commitment, and he communicated to the committee the understandable reasons for his absence.

I know Senator Warner has to attend a leadership meeting at the White House, and I hope you will express my regrets this morning.

Senator WARNER. I will, Mr. Chairman.

Chairman NUNN. You will probably have to run in just a minute, so why do I not defer to you at this point.

Senator WARNER. Well, thank you, Mr. Chairman.

I will attend that meeting and set forth some of the views that you and I jointly hold on certain issues, and I hope to return in time to participate in this hearing further.

But before departing, I would want to express particularly to Admiral Hays the concern of this Senator with what I hear is sort of the initial posturing in terms of the base negotiations in the Philippines, and I understand they are going to start around the 5th of April. I met yesterday with the U.S. Ambassador to the Philippines, Mr. Nicholas Platt, a long-term personal friend of mine and a man in whom I have tremendous confidence in his ability to fairly represent this Nation in those key negotiations, together with yourself and others.

But we always anticipate in any base negotiation certain posturing, and we accept that as a condition precedent, but let's be realistic in representing our views that, one, in view of the budget constraints facing the United States, 4 consecutive years of reduction of Defense budgets, the likelihood of substantial increases from this Nation—of course, it would be under another account, not under the Defense bill, but under another account—are just not there, and that if those positions are adhered to consistently by the Philippine negotiators, then we are going to be forced to look at alternatives.

I understand in your prepared testimony this morning you make reference to the existence of those alternatives, and indeed, if I return—or perhaps others will bring out some of the details of those alternatives. But the Philippine Government simply cannot take the position that it is going to be all or nothing and we have got nowhere else to go.

Thank you, Mr. Chairman, and I shall return as quickly as I can.

Chairman NUNN. Thank you very much, Senator Warner.

We have a prepared statement by Senator Dixon which shall be inserted in the committee record at this point.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, this morning we welcome three distinguished senior military commanders: Gen. George B. Crist, USMC, Commander In Chief, U.S. Central Command; Adm. Ronald J. Hays, USN, Commander In Chief, U.S. Pacific Command; and Lt. Gen. Henry A. Goodall, Deputy Commander In Chief United States Special Operations Command.

The unified commanders each have distinct and critical areas of responsibility for a substantial share of the Armed Forces of this Nation. They are uniquely qualified to address the impact of the fiscal year 1989 President's budget on their commands.

1989 may represent a turning point in the national security posture of this country. The years of rapid budget growth have ended and we must turn our attention to managing the resources and assets in our current and future arsenal. Hard choices have to be made on the size of our military force structure, the types of weapon systems that will best and most cost effectively meet our needs, and the scope of our military commitments around the world.

I look forward to the testimony of our witnesses this morning and to the contribution they will make to our review of the President's budget.

Chairman NUNN. Our first witness this morning is Adm. Ronald J. Hays, Commander in Chief, U.S. Pacific Command.

Admiral Hays, we are delighted to have you, and we look forward to your testimony.

STATEMENT OF ADM. RONALD J. HAYS, U.S. NAVY, COMMANDER IN CHIEF, U.S. PACIFIC COMMAND

Admiral HAYS. Thank you very much, Mr. Chairman.

Sir, I have a written statement which I would propose for the record and a short verbal statement if that meets with your approval.

Chairman NUNN. That will be fine. We will have the written statement incorporated in the record without objection.

Admiral HAYS. Sir, today we are in good shape in the Pacific. We have a sound strategy, and our military posture is adequate. Our primary preoccupation and the most threatening to U.S. interests is the Soviet activity in the Pacific.

Nevertheless, our forward defense strategy, the quality of our people and equipment, and the contributions of our allies and friends all combine to give us the edge over the Soviets in the Pacific. I make that positive assessment in spite of a smaller number of ships, troops and aircraft, and Soviet activities on the Korean Peninsula, in Southeast Asia, and in the South Pacific.

An important edge is the day-to-day readiness of U.S. forces. The investments of previous years have paid off. Our people are bright, dedicated, and proud. They have modern equipment that works, and they know how to use it. The contributions of allies are needed to round out our security posture. We cannot go it alone.

We do not look like NATO in the Pacific because each relationship is unique, and contributions vary with each country. The Koreans, for example, contribute across the board from forces and bases to host nation support. Their contribution to the 42,000 U.S. troops stationed in Korea equates to about $1.2 billion annually. Included in this support is troop augmentation, military construction, ammunition stockpiling and wartime logistics.

ROK forces are combat ready, interoperable with U.S. forces, and fully integrated into the Combined Forces Command.

Our relationship with Japan, on the other hand, is quite different. As you know, the Japanese constitution precludes their raising offensive military forces. The Japanese budget for defense, while small as a percentage of total gross national product, is nonetheless approaching the third largest defense budget in the world. Steady, real growth over the years has produced an effective self-defense force equipped with modern hardware and professional military men.

It is not generally appreciated that the Japanese self-defense force has twice as many destroyers as the U.S. 7th Fleet and more aircraft than the U.S. Air Force has based in Japan, Korea and the Philippines combined.

Their contribution to U.S. forces in Japan amounts to about $2.5 billion in 1988, or about $45,000 for each U.S. military person stationed in Japan.

At the other end of the spectrum is the Philippines, which provides us access to two strategically located bases but requires a considerable amount of economic and security assistance to stave off a growing Communist insurgency.

The Nation made the wise decision a long time ago that a forward defense strategy was in our best interest. With forces in being and a base structure provided by treaty, we meet the terms of that strategy in the Pacific.

While the net assessment is positive, I am not without concerns. There is tension on the Korean Peninsula, a war in Indochina, insurgency in the Philippines, civil strife in South Asia, and above all, there is the steady Soviet military buildup that we have seen in the Pacific for the last 15 years, despite the rhetoric of Glasnost and reasonable sufficiency.

As Mr. Gorbachev stated in his 1986 Vladivostok speech, the Soviet Union intends to be a Pacific power. Pacific nations generally remain skeptical of his peace offering and elect to look for Soviet actions to reveal true intentions. Thus far, they have not been impressed.

With the Soviet military threat still growing, our challenge is to manage the sizable budget reductions that are necessary in fiscal years 1988 and 1989. Reductions will impact across all Defense activities. The Pacific will witness the retirement of eight frigates, the stand down of a carrier air wing, deactiviation of a tactical air support squadron, and the loss of several Army helicopters.

Modernization has been slowed, and though an effort has been made to preserve readiness and sustainability, the best we will be able to do for the most part is hold our own in terms of spares, ammunition, exercises and operational tempo.

Sizable reductions have been made to base operations and base support and to depot level maintenance. These actions will impact, without any question, on our future readiness. There can be no question that our most important asset today is the quality of our people, yet the widening gap in pay comparability, and reductions in other programs affecting the welfare of service people challenge our ability to acquire and retain top quality people.

It is important during these difficult times to send a signal of support to our people, and this is why the 4.3 percent pay raise in fiscal year 1989 is so very crucial.

In summary, our national security interests today are served well by highly-motivated, well-trained service men and women equipped with weapon systems that work. We have a sound forward defense strategy based on deployed forces positioned to guard our security interests, deter conflict, or if needed, to fight and to win. The cost to the United States of forward deployed forces is mitigated in part by the burdensharing of our allies. The strength of our alliances is impressive and contributes measurably to our combined deterrent force.

In the adjustments to budget reduction, readiness has been preserved, but the ability to maintain the same state of preparedness in the future is being seriously challenged.

Thank you, Mr. Chairman.

[The prepared statement of Admiral Hays follows:]

PREPARED STATEMENT OF ADM. RONALD J. HAYS, USN

COMMANDER IN CHIEF, U. S. PACIFIC COMMAND

MR. CHAIRMAN, GENTLEMEN,

I APPRECIATE THE INVITATION TO ADDRESS YOU TODAY. I AM GOING TO FOCUS MY COMMENTS ON THE BUDGET AND ITS IMPACT ON THE READINESS AND SUSTAINABILITY OF THE PACIFIC COMMAND. SPECIFICALLY, I WILL GIVE YOU A PICTURE OF THE CHANGES BROUGHT ABOUT BY REDUCTIONS IN THE FY-88 BUDGET AND DESCRIBE THE IMPACT I EXPECT FROM THE PROPOSED FY-89 BUDGET.

TO PUT MY STATEMENT IN PERSPECTIVE, I NEED TO POINT OUT SOME OF THE UNIQUE CHARACTERISTICS OF THE PACIFIC THEATER AND COMMENT ON THE CHANGES THAT ARE OCCURRING.

WE HAVE A SOUND STRATEGY IN THE PACIFIC AND OUR SECURITY POSTURE IS ADEQUATE. THERE ARE HOWEVER, DESTABILIZING FACTORS SUCH AS THE TENSION ON THE KOREAN PENINSULA, THE CONTINUING OCCUPATION OF CAMBODIA BY THE VIETNAMESE, THE SKIRMISHES ALONG THE THAI BORDER WITH THE VIETNAMESE AS WELL AS THE LAOTIANS, THE GROWING INSURGENCY IN THE PHILIPPINES, ANTI-NUCLEAR SENTIMENTS IN THE SOUTH PACIFIC, POLITICAL INSTABILITY IN BANGLADESH, ETHNIC WAR IN SRI LANKA, ANIMOSITY BETWEEN INDIA AND PAKISTAN, AND FINALLY, ON THE ECONOMIC SIDE, THE SERIOUS TRADE IMBALANCE BETWEEN THE U.S. AND THE PACIFIC RIM NATIONS. WITH ALL THESE PROBLEMS, OUR PRIMARY PREOCCUPATION AND THE MOST THREATENING TO UNITED STATES SECURITY, REMAINS SOVIET ACTIVITIES IN THE PACIFIC.

THE THREAT

USSR

GORBACHEV'S NOW FAMOUS 1986 VLADIVOSTOK SPEECH DECLARED THAT

THE SOVIET UNION WAS TO BE A MAJOR PLAYER IN PACIFIC AFFAIRS. HE CALLED FOR A NEW ERA OF PEACE AND COOPERATION, AND OFFERED SEVERAL INITIATIVES TO REDUCE REGIONAL TENSIONS. THESE INITIATIVES CONTAINED PROPOSALS TO LIMIT SUBMARINE OPERATIONS AND NAVAL SURFACE FLEET ACTIVITIES IN THE WESTERN PACIFIC AND TO CEASE DEPLOYMENTS OF NUCLEAR CAPABLE AIRCRAFT TO THE FAR EAST. THE OBJECTIVE OF SUCH PROPOSALS IS TO TRY TO ISOLATE THE U. S. FROM ITS ASIAN FRIENDS AND ALLIES. PACIFIC NATIONS GENERALLY REMAINED SKEPTICAL OF THE OFFERINGS AND ELECTED TO LOOK FOR SOVIET ACTIONS TO ASCERTAIN TRUE INTENTIONS. THUS FAR, THEY HAVE NOT BEEN IMPRESSED. SINCE THE VLADIVOSTOK SPEECH, THE SOVIET FORCE STRUCTURE BUILDUP IN THE PACIFIC HAS CONTINUED APACE WITH THE INTRODUCTION OF MORE FIGHTERS, MORE BOMBERS, ADDITIONAL SHIPS, AND AN EXPANDED LAND ARMY.

THIS MILITARY EXPANSION CONTINUES THE TREND THAT HAS BEEN EVIDENT OVER THE PAST FEW YEARS. THE SOVIET PACIFIC FLEET HAS GROWN TO OVER 300 COMBATANTS, INCLUDING, TWO AIRCRAFT CARRIERS, A KIROV CLASS NUCLEAR-POWERED GUIDED MISSILE CRUISER AND TWO NEW CLASSES OF GUIDED MISSILE DESTROYERS. THERE NOW ARE OVER 120 SUBMARINES, INCLUDING THE NEW, QUIET, AKULA CLASS, WHICH ARE NOW IN ACTIVE SERVICE IN THE PACIFIC, AND MORE ARE ON THE WAY.

SOVIET PACIFIC AIR FORCES OPERATE OVER 2000 COMBAT AIRCRAFT -- ABOUT ONE-THIRD OF THEIR TOTAL STRIKING FORCE. LONG RANGE STRIKE AIRCRAFT INCLUDE ALL THE "BEAR G'S" IN THE SOVIET INVENTORY PLUS "BEAR H'S" ARMED WITH AS-15 AIR TO SURFACE MISSILES. THEY ALSO EMPLOY DOZENS OF BACKFIRE BOMBERS IN THE PACIFIC.

LAND FORCES ARE MADE UP OF 57 ARMY DIVISIONS EQUIPPED WITH

MODERN TANKS, ARTILLERY AND HELICOPTERS. MOST OF THESE FORCES ARE POISED ALONG THE SINO-SOVIET BORDER. PERHAPS THE MOST SIGNIFICANT SOVIET MILITARY DEVELOPMENT IN THE PAST FEW YEARS IS THE SUPPORT AND OPERATING COMPLEX AT CAM RANH BAY. THESE FINE FACILITIES NOW SUPPORT 25-30 SHIPS AND SUBMARINES AND UPWARDS OF 50 COMBAT AIRCRAFT. FACILITY UPGRADES CONTINUE.

MEANWHILE THE SOVIET DIPLOMATIC MISSIONS AROUND THE PACIFIC HAVE BEEN UPGRADED--IT IS OFTEN HEARD THESE DAYS THAT SOVIET DIPLOMATS ARE FINALLY ACTING LIKE DIPLOMATS--AND CONCERTED EFFORTS ARE UNDER WAY TO EXPAND ECONOMIC RELATIONS THROUGHOUT THE REGION. THE REACTION TO THESE SOVIET MOVES LEADS TO THE QUESTION "IS GENERAL SECRETARY GORBACHEV FOR REAL OR IS THIS A NEW PACKAGE OF WELL ESTABLISHED EXPANSIONIST POLICY MADE NECESSARY BY A DISASTROUS ECONOMY?" REGARDLESS OF THE ANSWER, THE SOVIET DRIVE TO FURTHER THEIR INFLUENCE IN THE PACIFIC, IF SUCCESSFUL, WILL TO BE AT OUR EXPENSE.

SO LONG AS WE RETAIN OUR DETERRENT POSTURE, THE LIKELIHOOD OF A MILITARY CONFLICT WITH THE SOVIETS IS NOT VERY GREAT AND THE COMPETITION WILL BE MORE EVEN HANDED. A HIGHER NEAR TERM THREAT TO OUR VITAL INTERESTS IS FOUND IN NORTH KOREA, VIETNAM, AND THE REPUBLIC OF THE PHILIPPINES.

NORTH KOREA

THE NORTH KOREANS HAVE A SOVIET-SUPPORTED ARMED FORCE, 60 PERCENT OF WHICH IS FORWARD DEPLOYED JUST NORTH OF THE DEMILITARIZED ZONE. THE MISSION OF THIS FORCE IS THE MILITARY REUNIFICATION OF THE KOREAN PENINSULA.

VIETNAM

VIETNAM'S ARMED FORCES, ONE MILLION MEN STRONG, ARE LARGER THAN THE ARMED FORCES OF INDONESIA, MALAYSIA, BRUNEI, THAILAND, SINGAPORE, AND THE PHILIPPINES (THE MEMBERS OF ASEAN) COMBINED. THIS FORCE IS A DISTABILIZING INFLUENCE THROUGHOUT INDOCHINA BORDER. ADDITIONALLY, VIETNAM OFFERS THE SOVIETS ACCESS TO DANANG AIRFIELD AND THE CAM RANH BAY COMPLEX, THE LONG SOUGHT AFTER WARM WATER PORT FOR THE SOVIET PACIFIC FLEET.

PHILIPPINE INSURGENTS

WE HAVE SEEN STEADY IMPROVEMENT IN THE CAPABILITIES OF THE PHILIPPINE ARMED FORCES BUT THE COMMUNIST INSURGENCY CONTINUES TO GROW TO A STRENGTH OF AROUND 26,000. ALSO, FOR THE FIRST TIME THERE IS A CONCERTED EFFORT BY THE COMMUNIST PARTY OF THE PHILIPPINES TO GARNER SUPPORT FROM OTHER COUNTRIES.

COUNTERING THE THREAT

DESPITE TROUBLE SPOTS, OUR SECURITY POSTURE IN THE PACIFIC IS ADEQUATE. FIRST, WE HAVE QUALITY FORCES WITH HARDWARE AND WEAPONS SYSTEMS THAT WORK AND TALENTED PEOPLE TO MAINTAIN AND OPERATE THEM. SECOND, THERE IS AN EFFECTIVE ALLIANCE NETWORK IN THE PACIFIC, MOTIVATED BY A SHARED CONCERN FOR SELF DEFENSE, PEACE, AND SECURITY. PERCEIVED THREATS HAVE LED TO FORMAL SECURITY ARRANGEMENTS WITH JAPAN, THE REPUBLIC OF KOREA, THAILAND, THE PHILIPPINES, AUSTRALIA, THE FEDERATED STATES OF MICRONESIA, AND THE REPUBLIC OF THE MARSHALL ISLANDS. THESE AGREEMENTS COMMIT THE UNITED STATES TO HELP DEFEND AGAINST EXTERNAL THREATS, AND, IN RETURN, THE INDIVIDUAL NATIONS CONTRIBUTE TO THE COLLECTIVE SECURITY UMBRELLA THAT HAS SERVED ALL NATIONS OF THE PACIFIC WELL.

THERE ARE TWO AREAS OF OUR ALLIANCE RELATIONSHIPS THAT I WOULD LIKE TO MENTION -- WARTIME SUPPORT FROM OUR PACIFIC ALLIES AND SECURITY ASSISTANCE. SUPPORT FROM OUR ALLIES TAKES MANY FORMS AND VARIES BY COUNTRY. I WOULD POINT OUT THAT ONLY IN KOREA DO WE HAVE A FORMALIZED WARTIME HOST NATION SUPPORT PROGRAM. THIS SUPPORT TAKES MANY FORMS AND INCLUDES SUCH THINGS AS USE OF KOREAN AIRLINES IN CONTINGENCIES, STORAGE, MAINTENANCE AND TRANSPORTATION OF AMMUNITION, AS WELL AS SIGNIFICANT MANPOWER AUGMENTATION. ANOTHER ASPECT OF SUPPORT IS THE COMBINED DEFENSE IMPROVEMENT PROGRAM (CDIP). THIS ROK FUNDED PROGRAM WILL BUILD $32.0 MILLION IN CONSTRUCTION PROJECTS IN 1983. IN ALL WE HAVE ABOUT 30 DIFFERENT AD HOC AGREEMENTS WITH KOREA AND WILL NEGOTIATE THIS YEAR FOR AN UMBRELLA HOST NATION SUPPORT AGREEMENT TO TIE ALL THIS INTO ONE PACKAGE.

IN JAPAN WE HAVE NO FORMAL HOST NATION SUPPORT AGREEMENTS, BUT I WOULD MENTION WE RECEIVE A GREAT DEAL OF SUPPORT. ONE OF THE MORE IMPORTANT PROGRAMS IS THE JAPANESE FACILITIES IMPROVEMENT PROGRAM (JFIP). JFIP PROVIDES MUCH OF THE HOUSING FOR U. S. FORCES AND ASSISTS IN SUPPORT OF BASE SECURITY. ANOTHER SIGNIFICANT INITIATIVE IN PROGRESS IS THE EXTENSION OF THE NATO MUTUAL SUPPORT ACT TO JAPAN. DISCUSSIONS ARE UNDERWAY TO REACH AGREEMENT ON RECIPROCAL LOGISTICS SUPPORT UNDER THE ACT. THIS EFFORT WILL HELP OUR LOGISTICS INTEROPERABILITY AND IS A SMART WAY TO DO BUSINESS. WE VERY MUCH APPRECIATE CONGRESSIONAL SUPPORT HERE.

WE ALSO HAVE LOGISTICS SUPPORT MEMORANDUMS OF UNDERSTANDING WITH TWO OTHER PRINCIPLE ALLIES -- AUSTRALIA AND THAILAND. THESE AGREEMENTS PROVIDE FOR RECIPROCAL LOGISTICS SUPPORT IN PEACETIME AND DURING CONTINGENCIES. WE HAD A SIMILAR ARRANGEMENT WITH NEW ZEALAND, BUT BECAUSE OF OUR SECURITY RELATIONSHIP, IT HAS NOW EXPIRED. THE U.S. AND THAILAND REACHED AN AGREEMENT ON A WAR

RESERVE STOCKPILE AND, IN DECEMBER 1987, LEGISLATION FOR THE IMPLEMENTATION OF THE AGREEMENT WAS PASSED IN CONGRESS.

THE IMPORTANCE OF SECURITY ASSISTANCE PROGRAMMING TO OUR PACIFIC STRATEGY IS GENERALLY UNDER-APPRECIATED. SECURITY ASSISTANCE IS A MAJOR FACTOR IN MILITARY-TO-MILITARY RELATIONSHIPS, AND, IMPORTANTLY, IT IMPROVES INTEROPERABILITY OF FORCES DURING COMBINED OPERATIONS. FURTHER, SECURITY ASSISTANCE LEADS TO SELF-SUFFICIENT ALLIES AND FRIENDS. WITHOUT QUESTION, OUR SECURITY INTERESTS ARE SERVED BY A STRONG, ADEQUATELY FUNDED SECURITY ASSISTANCE PROGRAM. IT IS REGRETTABLE THAT THE SECURITY ASSISTANCE BUDGET HAS BEEN DECREMENTED TO A POINT OF INEFFECTIVENESS IN MANY AREAS.

A BRIEF ACCOUNT OF OUR ALLIANCE NETWORK IN THE PACIFIC FOLLOWS:

JAPAN

THE DEVELOPMENT IN RECENT YEARS OF THE U. S.-JAPAN SECURITY RELATIONSHIP IS ONE OF OUR FINEST FOREIGN POLICY SUCCESSES.

SINCE SIGNING THE TREATY OF MUTUAL COOPERATION AND SECURITY IN 1960, THE JAPANESE HAVE DEVELOPED AN INCREASINGLY CAPABLE SELF-DEFENSE FORCE, AND THEY ARE SHOULDERING AN INCREASING SHARE OF THE TREATY BURDEN. THEIR DEFENSE SPENDING, ALTHOUGH LIMITED TO A SMALL PORTION OF TOTAL GNP, HAS GROWN IN REAL TERMS AT A RATE FASTER THAN ANY OTHER COUNTRY. BASED ON PRESENT EXCHANGE RATES (128 YEN = ONE U. S. DOLLAR), AND INCLUDING ALL SALARY AND PENSION PROGRAMS, JAPAN'S DEFENSE BUDGET NOW EXCEEDS THAT OF BRITAIN, FRANCE, OR WEST GERMANY. CAPABILITIES TO FULFILL THEIR DEFENSIVE RESPONSIBILITIES GROW, AS ILLUSTRATED BY THE FACT THAT THE JAPANESE AIR SELF-DEFENSE FORCE HAS MORE COMBAT AIRCRAFT THAN THE

U. S. AIR FORCE HAS PERMANENTLY BASED IN JAPAN, KOREA AND THE PHILIPPINES COMBINED. THE JAPANESE MARITIME SELF-DEFENSE FORCE HAS MORE THAN TWICE AS MANY DESTROYER-TYPE SHIPS AS THE U. S. SEVENTH FLEET. IF PERMITTED TO PURCHASE THE AEGIS SYSTEM IN 1988, AND I STRONGLY RECOMMEND THEY BE PERMITTED TO DO SO, THE JAPANESE SELF-DEFENSE FORCE WILL BE BETTER ABLE TO PROVIDE PROTECTION OF THE SEA LINES OUT TO 1,000 MILES FROM THE JAPANESE ISLANDS, AS THEY HAVE COMMITTED TO DO.

AS TO BURDEN SHARING, JAPAN PROVIDES SUPPORT EQUIVALENT TO MORE THAN 40 PERCENT OF THE $5.9 BILLION COST OF MAINTAINING U.S. FORCES IN JAPAN. IMPORTANTLY, JAPAN WILL FUND 50 PERCENT OF CERTAIN LABOR COST ALLOWANCES AND BENEFITS STARTING ON THE 1ST OF APRIL 88. A NEW PROTOCOL SIGNED THIS MONTH, WOULD ALLOW UP TO 100 PERCENT FUNDING OF THESE BENEFITS AND ALLOWANCES. THE INCREASE TO 100 PERCENT OF THESE LABOR COSTS WOULD REPRESENT OVER $175 MILLION MORE THAT JAPAN CONTRIBUTES TO MAINTAINING U. S. FORCES ON THEIR SOIL. OF NOTE ALSO ARE SUBSTANTIAL JAPANESE INVESTMENTS TO IMPROVE OUR ASW TECHNOLOGY LEAD IN THE WAKE OF SOVIET ADVANCEMENT IN SUBMARINE OPERATIONS AND FUNDING COMMITMENTS FOR PRECISE NAVIGATIONAL EQUIPMENT FOR THE ARABIAN GULF. IMPORTANTLY, JAPAN HAS SELECTED AN UPGRADED F-16 AS ITS NEXT GENERATION AIR-TO-GROUND FIGHTER. THIS DECISION, AND INCLUSION OF MAJOR EQUIPMENT ITEMS OF U. S. ORIGIN SUCH AS THE P-3, C-130, AND E-2C AIRCRAFT IN THE JFY-88 DEFENSE BUDGET, CONTINUE THE TREND OF IMPROVING SECURITY TIES WITH THE U. S.

THIS SAID, JAPAN CAN AND SHOULD DO MORE. WE CONTINUE TO ENCOURAGE JAPAN TO ASSUME MORE OF THE BURDEN OF U. S. FORCE PRESENCE IN JAPAN, TO INCREASE ITS OFFICIAL DEVELOPMENT ASSISTANCE FUNDS TO COUNTRIES SUCH AS THE PHILIPPINES, AND TO DO MORE TO IMPROVE THEIR OWN COMBAT SUSTAINABILITY, COMBAT SERVICE SUPPORT, AND JOINT/COMBINED CAPABILITIES.

REPUBLIC OF KOREA

OVER 37 YEARS AGO, THE U. S. AND REPUBLIC OF KOREA FORGED A SECURITY PARTNERSHIP THAT CAN BE COUNTED AMONG THE STRONGEST WE HAVE WITH ANY ALLY. THE COMBINED FORCES COMMAND, CONSISTING OF U. S. AND ROK FORCES, IS AS FINE A MILITARY FORCE AS CAN BE FOUND ANYWHERE. THE REPUBLIC OF KOREA HAS GROWN MILITARILY, ECONOMICALLY, AND POLITICALLY FROM ONE OF THE POOREST NATIONS AMONG THE UNDERDEVELOPED, TO A THRIVING INDUSTRIALIZED NATION, ON THE THRESHOLD OF WORLD POWER STATUS. PROGRESS IS ATTRIBUTABLE IN PART TO THE SECURITY AND STABILITY OF THE U. S. PRESENCE OVER THE YEARS. I ALSO WANT TO POINT OUT THAT THE KOREANS CONTRIBUTE THE EQUIVALENT OF $1.2 BILLION TO SUPPORT THAT PRESENCE.

TODAY THERE IS BOTH TENSION AND PROMISE ON THE KOREAN PENINSULA. THE TENSION IS CAUSED BY AN EVER PRESENT AND TOTALLY UNPREDICTABLE THREAT FROM THE NORTH. THE PROMISE IS THE ECONOMIC AND POLITICAL DEVELOPMENTS IN THE SOUTH. THE EARLY PHASE OF A DIFFICULT POLITICAL EVOLUTION -- THE FIRST EVER DEMOCRATIC ELECTION OF A PRESIDENT -- HAS BEEN SUCCESSFULLY COMPLETED. WITH THE RECENT INAUGURATION OF PRESIDENT ROH TAE WOO, AND PARLIAMENTARY ELECTIONS SCHEDULED FOR THE SPRING, KOREA WILL HAVE MADE STRIDES TOWARDS A DEMOCRATIC SOCIETY. THESE EVENTS, COUPLED WITH THE SEOUL SPONSORED OLYMPIC GAMES, WHICH PROMISE TO BE THE LARGEST EVER HELD, WILL, WHEN SUCCESSFULLY CARRIED OFF, ENHANCE KOREA'S STATURE IN THE EYES OF THE WORLD.

THIS TRANSITION TOWARDS WORLD POWER STATUS MAY WELL INFLUENCE ROK-U. S. SECURITY RELATIONSHIPS. GROWING ROK NATIONALISM AND MILITARY CAPABILITIES, THE QUESTION OF U. S. MILITARY PRESENCE IN KOREA, AND REGIONAL ROLES OF MILITARY FORCES STATIONED IN KOREA, NEED CAREFUL REVIEW. CHANGES DURING THE ONGOING TRANSITORY PERIOD ARE INAPPROPRIATE, AND CHANGES CONTEMPLATED IN THE FUTURE REQUIRE

CAREFUL COORDINATION AND AGREEMENT WITH THE ROK TO PREVENT ANY WEAKENING OF THE POSTURE NEEDED TO DETER THE NORTH. A BROADER REGIONAL ROLE FOR THE REPUBLIC OF KOREA MAY WELL EVOLVE AS THE COUNTRY GROWS ECONOMICALLY AND MILITARILY AND AS THE SOVIET UNION BECOMES INCREASINGLY INVOLVED IN PENINSULA AFFAIRS.

THE PHILIPPINES

WE HAVE A VITAL STAKE IN THE PHILIPPINES THAT GOES BEYOND THE TERMS OF THE MUTUAL DEFENSE AGREEMENT. OUR SPECIAL RELATIONSHIP WITH THE FILIPINO PEOPLE DATES BACK TO THE TURN OF THE CENTURY AND IS RECOGNIZED BY COUNTRIES THROUGHOUT ASIA. A SOUND SECURITY RELATIONSHIP WITH THIS STRUGGLING DEMOCRACY IS CRUCIAL TO ITS SURVIVAL AS WELL AS TO OUR OWN DEFENSE POSTURE IN THE PACIFIC.

THE REPUBLIC OF THE PHILIPPINES STRADDLES THE SEA LINES OF COMMUNICATIONS THAT CONNECT REGIONAL POWER CENTERS IN THE PACIFIC AND INDIAN OCEANS. PHILIPPINE BASES ALLOW US TO POSITION FORCES IN A GOOD STRATEGIC LOCATION. FACILITIES AT CLARK AIR BASE AND SUBIC BAY SERVE A VARIETY OF INTERESTS. THE ASEAN NATIONS, SOME PUBLICLY, SOME PRIVATELY, JAPAN AND AUSTRALIA HAVE NOTED THE CONTRIBUTION MADE BY THE BASES TO REGIONAL SECURITY. MOST OF ALL, THEY SERVE THE SECURITY AND ECONOMIC INTERESTS OF THE PHILIPPINES AND THEY SERVE OUR OWN SECURITY INTERESTS.

THE MUTUAL BENEFITS OF THE BASES NOTWITHSTANDING, THERE ARE SERIOUS CHALLENGES ON THE HORIZON. PHILIPPINE NATIONALISM AND UNJUST ACCUSATIONS ABOUT AMERICAN INVOLVEMENT IN PHILIPPINE AFFAIRS ARE ON THE RISE. THE BASES ARE CAST BY SOME AS THE LEADING SYMBOL OF AMERICAN DOMINANCE THAT MUST BE ELIMINATED. PROMINENT MEMBERS OF THE FILIPINO SENATE HAVE ALREADY TAKEN AN "ANTI-BASES" POSITION AND WE HAVE TO KEEP IN MIND THAT ANY FUTURE BASING AGREEMENT MADE MUST BE APPROVED BY TWO-THIRDS OF THAT BODY.

IT IS EXPECTED THAT THE REALITIES OF THE BENEFITS OF THE BASES WILL TURN MANY OF THE SENATORS AROUND IN TIME. THE MILITARY BASES AGREEMENT IS SCHEDULED FOR REVIEW LATER THIS MONTH AND THE AGREEMENT MUST BE RENEGOTIATED PRIOR TO 1991. CONTENTIOUS ISSUES COMING INTO PLAY DURING THE NEGOTIATIONS ARE APT TO BE THE AMOUNT OF DIRECT FUNDING SUPPORT, OTHER SOVEREIGNTY ISSUES AND LEGAL CONSIDERATIONS. DESPITE THE DIFFICULTIES EXPECTED, I BELIEVE THE NEGOTIATIONS WILL BE SUCCESSFUL, BECAUSE THERE IS TOO MUCH AT STAKE FOR BOTH THE U. S. AND THE PHILIPPINES TO HAVE IT OTHERWISE. NEVERTHELESS, IF I'M WRONG, THERE ARE ALTERNATIVES.

QUITE ASIDE FROM THIS "POLITICAL" RISK TO THE BASES, THE PHILIPPINES IS THREATENED BY A GROWING COMMUNIST INSURGENCY, A FALTERING ECONOMY, AND POLITICAL STRIFE. BROAD BASED ECONOMIC AND SECURITY SUPPORT PLUS A SOUND DEFENSE RELATIONSHIP IS NECESSARY TO SURVIVAL. THE U. S. PLEDGE OF UNWAVERING SUPPORT FOR PRESIDENT AQUINO AND HER NEW GOVERNMENT IS ON THE MARK, BUT MORE SHOULD BE DONE IN BOTH THE ECONOMIC AND SECURITY AREAS.

THERE IS SOME GOOD NEWS. AFTER SEVERAL YEARS OF NEGATIVE GROWTH, THE PHILIPPINE ECONOMY HAS TURNED AROUND AND POSTED MORE THAN A FIVE PERCENT GAIN IN GNP FOR 1987. OVER FIVE PERCENT GROWTH IS ANTICIPATED FOR 1988. THE POLITICAL ENVIRONMENT HAS ALSO IMPROVED WITH A NEW CONSTITUTION, BICAMERAL LEGISLATURE, CONSTRUCTIVE CABINET CHANGES, AND RECENTLY COMPLETED LOCAL ELECTIONS.

TO SUSTAIN MOVEMENT IN THE RIGHT DIRECTION, WE HAVE CAREFULLY CRAFTED AN FY-88 SECURITY ASSISTANCE PROGRAM THAT ADDRESSES FUNDAMENTALS. EMPHASIS IS BEING PLACED ON THE BASIC NEEDS OF INDIVIDUAL SOLDIERS. TO ACHIEVE AN ADEQUATE COUNTERINSURGENCY CAPABILITY, THE PHILIPPINE MILITARY NEEDS A LONG-TERM U. S. COMMITMENT FOR MILITARY ASSISTANCE ON WHICH TO BASE FUTURE PLANNING.

SOUTHEAST ASIA

OUR SOLE TREATY ALLY IN SOUTHEAST ASIA IS THAILAND, A LONGSTANDING AND STAUNCH FRIEND WHO HAS BEEN SUBJECTED TO REPEATED VIETNAMESE MILITARY INCURSIONS FROM OCCUPIED CAMBODIA-- AND MOST RECENTLY FROM LAOS. WHILE OUR MILITARY-TO-MILITARY TIES REMAIN STRONG, THE THAIS INCREASINGLY LOOK TO OTHER SOURCES FOR ADDITIONAL MILITARY AID BECAUSE IT IS OFFERED ON MORE FAVORABLE FINANCIAL TERMS.

SOUTH ASIA AND THE INDIAN OCEAN

WE HAVE NO FORMAL ALLIES IN SOUTH ASIA OR AMONG THE ISLAND NATIONS OF THE INDIAN OCEAN. THE DOMINANT COUNTRY IN SOUTH ASIA IS INDIA BECAUSE OF ITS SIZE, POPULATION, POTENTIAL, GROWING MILITARY STRENGTH AND REGIONAL ASPIRATIONS. THE GROWTH OF THE INDIAN NAVY, WITH ITS RECENT ACQUISITION OF A SECOND AIRCRAFT CARRIER AND LEASE OF A SOVIET NUCLEAR SUBMARINE, AS WELL AS INDIA'S INTERVENTION TO FIND A POLITICAL SOLUTION TO THE BLOODY SRI LANKAN CIVIL WAR ARE ILLUSTRATIVE OF THESE ASPIRATIONS. OUR OWN MILITARY-TO-MILITARY RELATIONS WITH INDIA ARE GOOD AND WE CULTIVATE EXPANSION AT A DELIBERATE, MEASURED PACE.

THROUGHOUT THE INDIAN OCEAN, WE ENJOY GOOD RELATIONS WITH MANY OTHER NATIONS AND SEVERAL NOW GRANT U. S. PORT VISITS. THE BRITISH OWNED ISLAND OF DIEGO GARCIA, LOCATED IN THE CENTRAL INDIAN OCEAN, SERVES AS AN IMPORTANT SUPPORT COMPLEX FOR MIDDLE EAST OPERATIONS AND IS THE ONLY PORT IN THE REGION WHERE WE HAVE ASSURED ACCESS.

SOUTH PACIFIC

OUR FORMAL SECURITY LINK WITH THE SOUTH PACIFIC IS AUSTRALIA.

REGRETTABLY WE HAVE SUSPENDED OUR DEFENSE OBLIGATION TO NEW ZEALAND UNDER THE ANZUS ALLIANCE BECAUSE OF THEIR ABDICATION OF RESPONSIBILITIES AS AN ALLIANCE PARTNER. AS A RESULT OF THE ANZUS REALIGNMENT, WE NOW ENJOY AN INCREASED NUMBER OF EXERCISES, EXCHANGE PROGRAMS AND SEMINARS WITH AUSTRALIA. ADDITIONALLY, THE OPPORTUNITY FOR THE U. S. NAVY TO MAKE OCCASIONAL PORT CALLS IS SUPPORTIVE OF OUR STRATEGIC PRESENCE IN THE WESTERN PACIFIC AND INDIAN OCEANS.

THROUGHOUT THE VAST SOUTH PACIFIC WITH ITS NEWLY INDEPENDENT ISLAND NATIONS, AUSTRALIA PROVIDES A STABILIZING INFLUENCE BY SUPPLYING AID AND PROVIDING A PRESENCE THAT IS CONSISTENT WITH OUR OWN INTERESTS. OVERALL, THE SECURITY RELATIONSHIP WITH AUSTRALIA IS SUPERB.

STRATEGY

THE AGGREGATION OF ALLIANCES AND FRIENDSHIPS JUST DISCUSSED IS A VITAL FIRST ELEMENT OF OUR PACIFIC STRATEGY. UNLIKE NATO, THE RELATIONSHIPS ARE STRICTLY BILATERAL AND EACH IS UNIQUE. IN A MILITARY SENSE, USCINCPAC BECOMES THE COMMON DENOMINATOR. THESE ARRANGEMENTS ARE DRIVEN BY HISTORICAL SENSITIVITIES BETWEEN NATIONS IN THE PACIFIC THEATER, SO OUR APPROACH IS TO BUILD BRIDGES CAREFULLY BETWEEN OURSELVES AND OUR FRIENDS TO CREATE THE BEST DETERRENT POSTURE FOR REGIONAL OR GLOBAL THREATS. THE AIM IS TO DEVELOP ALLIED CONTRIBUTIONS TO OUR NATIONAL SECURITY OBJECTIVES AND STRENGTHEN OUR COMBINED WARFIGHTING CAPABILITIES. WE REFER TO THIS PROCESS AS OUR "MULTI-NATIONAL STRATEGY".

AS A SECOND STEP, WE PURSUE THESE OBJECTIVES THROUGH OUR "PEACETIME STRATEGY". THIS IS A FRAMEWORK THAT USES MILITARY RESOURCES IN PEACETIME IN WAYS THAT HIGHLIGHT THE BENEFITS ACCRUING TO NATIONS FROM A POSITIVE RELATIONSHIP WITH THE U. S.

SUCH PROGRAMS AS BILATERAL EXERCISES, CIVIC ASSISTANCE, DISASTER RELIEF, PORT VISITS AND SECURITY ASSISTANCE, PROVIDE A POSITIVE EXAMPLE OF OUR OWN INTERESTS AND SUPPORT, AS WELL AS SHOWING CONCERN FOR THE WELFARE OF OTHERS.

THE THIRD ELEMENT OF OUR PACIFIC STRATEGY IS THE "WARFIGHTING STRATEGY". A PRIORITY CONSIDERATION OF THE WARFIGHTING STRATEGY IS THE FORWARD POSTURING OF READY, MOBILE FORCES THAT ARE CAPABLE OF IMMEDIATE RESPONSE TO CRISIS AND BACKED UP WITH THE CAPACITY FOR RAPID REINFORCEMENT. SUCH A POSTURE SIGNALS OUR RESOLVE, CONTRIBUTES TO OUR DETERRENCE POSTURE AND PUTS US IN AN EXCELLENT TACTICAL DISPOSITION IF FIGHTING IS NECESSARY.

THE STRATEGY REQUIRES A MAJOR ALLOCATION OF RESOURCES AND I MAKE THOSE NEEDS KNOWN THROUGH THE PLANNING, PROGRAMMING AND BUDGETING SYSTEM.

PLANNING, PROGRAMMING AND BUDGETING

WITH THE ADVENT OF THE GOLDWATER-NICHOLS REORGANIZATION BILL, THE UNIFIED COMMANDER IS IN A BETTER POSITION TO INFLUENCE THE PPBS. HIS PARTICIPATION BEGINS WITH INPUTS TO THE PLANNING AND POLICY DOCUMENTS, THE JOINT STRATEGIC PLANNING DOCUMENT AND THE DEFENSE GUIDANCE. ON A REGULAR BASIS, THE UNIFIED COMMANDER REVIEWS AND COMMENTS ON THESE AS WELL AS OTHER SUPPORTING DOCUMENTS THAT FORM THE BASIS FOR THREAT ANALYSIS AND FORCE ALLOCATION. HE ALSO TAKES PART IN DEFENSE RESOURCES BOARD SESSIONS, CHAIRED BY THE SECRETARY OF DEFENSE OR HIS DEPUTY. THIS PAST FALL FOR EXAMPLE THE UNIFIED COMMANDERS PARTICIPATED IN TWO DRB REVIEWS DURING WHICH EACH WAS ABLE TO PRESENT KEY PROGRAMMING AND BUDGETING CONCERNS.

THE MOST DIRECT ENTRY POINT FOR THE UNIFIED COMMANDER TO

INFLUENCE THE PPBS PROCESS IS THROUGH THE USE OF THE INTEGRATED PRIORITY LIST (IPL). THE IPL IS A STATEMENT OF THE UNIFIED COMMANDERS' MOST URGENT REQUIREMENTS AND IT IS SUBMITTED PRIOR TO THE DEVELOPMENT OF EACH FIVE YEAR DEFENSE PLAN TO THE JCS AND THE SERVICES. THE IPL IS INTEGRATED ACROSS SERVICE LINES AND ADDRESSES CURRENT DAY AS WELL AS FUTURE NEEDS.

EACH SERVICE NOTIFIES THE UNIFIED COMMANDER OF THE EXTENT TO WHICH IPL STATED NEEDS HAVE BEEN FULFILLED IN THE DEVELOPMENT OF SERVICE PROGRAM OBJECTIVE MEMORANDA. ANY DISAGREEMENTS OR DISPARITIES RAISED BY THE UNIFIED COMMANDERS ARE UTIMATELY RESOLVED BY THE SECRETARY OF DEFENSE.

ALL ALONG THE WAY, DURING THIS COMPLEX PROCESS, THERE ARE SYSTEMATIC REVIEWS OF THE SERVICE PROPOSALS. THROUGH A CONTINUING DIALOG, THIS PROCESS WORKS TO PRODUCE A BALANCE AMONG THE PILLARS OF DEFENSE.

READINESS AND SUSTAINABILITY

THE PACIFIC STRATEGY NEEDS READY FORCES THAT CAN SUSTAIN A FIGHT. TODAY OUR FORCES ARE READY EVEN IF NOT SUSTAINABLE TO THE DEGREE I WOULD LIKE TO SEE. MY CONCERN IS FOR THE FUTURE. WE HAVE FORWARD DEPLOYED FORCES IN JAPAN, KOREA, THE PHILIPPINES, AND GUAM, WITH RESERVES AND NATIONAL GUARD IN HAWAII AND GUAM. PACIFIC FORCES INCLUDE APPROXIMATELY HALF OF THE NAVY, TWO-THIRDS OF THE OPERATIONAL MARINES, THREE NUMBERED AIR FORCES WITH 11 FIGHTER SQUADRONS, AND TWO INFANTRY DIVISIONS. THE OVERALL EQUIPMENT READINESS LEVEL IS ADEQUATE. IN THE PAST FIVE YEARS THE PACIFIC COMMAND HAS SEEN THE INTRODUCTION OF MODERN, SOPHISTICATED WEAPONS SYSTEMS SUCH AS THE AEGIS CRUISER, THE F/A-18 FIGHTER/ATTACK AIRCRAFT, THE F-16 TACTICAL FIGHTER, THE TOMAHAWK MISSILE, THE LANCE MISSILE, AND THE AIR CUSHION LANDING CRAFT. WE

HAVE ALSO RECEIVED TWO BATTLESHIPS, MORE DESTROYERS, AND MORE TACTICAL AIRCRAFT IN THE THEATER. THE 25TH INFANTRY DIVISION HAS BEEN REORGANIZED INTO A "LIGHT" DIVISION WHICH ALLOWS FOR GREATER MOBILITY AND DEPLOYABILITY. THE PACIFIC COMMAND HAS GAINED ADDITIONAL ANTISUBMARINE CAPABILITY, BUILT HARDENED SHELTERS FOR A PORTION OF THE FIGHTER FLEET, AND ADDED MORE MARITIME PREPOSITIONING. OVERARCHING ALL OF THIS HAS BEEN SOME IMPROVEMENT IN OUR ABILITY TO COMMAND AND CONTROL THESE ENHANCED FORCES.

WE HAVE WORKED HARD TO MAINTAIN AN ADEQUATE NUMBER OF STEAMING DAYS, FLYING HOURS, AND VEHICLE MILES SO THAT EQUIPMENTS ARE EXERCISED AND THE PEOPLE ARE TRAINED.

ON A REGULAR BASIS, OUR FORCES EXERCISE WITH OTHER NATIONS TO IMPROVE OUR ABILITY TO INTEROPERATE WITH OUR ALLIES. TEAM SPIRIT, AN ANNUAL COMBINED/JOINT EXERCISE IN KOREA, THAT INVOLVES 200,000 PARTICIPANTS AND SUPERB MANEUVER TRAINING IS AN ONGOING EXAMPLE. WE CONTINUE TO EXERCISE EXTENSIVELY WITH THE JAPANESE SELF DEFENSE FORCES, THE PHILIPPINE ARMED FORCES AND THE ROYAL THAI FORCES. WE ARE PLEASED WITH THE COOPERATION AND MUTUAL BENEFIT REALIZED. OUR REGULAR WORK WITH THE AUSTRALIANS HAS PAY-OFF FOR BOTH OF US. IN ALL OF THIS TRAINING ACTIVITY, WE CAREFULLY PLAN EACH EVOLUTION TO ACHIEVE SPECIFIED TRAINING OBJECTIVES WITH THE SMALLEST INVESTMENT IN RESOURCES AND TIME.

TODAY, WITH GOOD HARDWARE AND TRAINED PEOPLE WE ARE READY TO FIGHT, EVEN THOUGH PROBLEMS IN SUSTAINMENT WOULD DEVELOP BECAUSE OF INSUFFICIENT PREPOSITIONED WAR RESERVE STOCKS AND LIMITED INDUSTRIAL SURGE PRODUCTION CAPABILITIES. GIVEN THE VAST SIZE AND UNIQUE MARITIME NATURE OF THE PACIFIC THEATER, THEATER WAR RESERVE STOCKS ARE A KEY TO SUCCESSFUL SUSTAINABILITY.

IN THE PAST FIVE YEARS THE PACIFIC HAS SEEN GAINS IN MODERN MUNITIONS, WEAPONS OF CHOICE, WAR RESERVE SPARES, POL STORAGE, AND STRATEGIC LIFT, BOTH AIR AND SEA. NONETHELESS, THESE ARE THE AREAS THAT STILL NEED ATTENTION.

WITH RESPECT TO THREAT MUNITIONS, THE FY 88-89 BUDGETS IMPROVE OUR POSTURE OVER THE NEXT FEW YEARS. WE PROJECT THAT THE AVERAGE FILL RATE FOR ALL THREAT MUNITIONS WILL INCREASE FROM 29 TO 61 PERCENT OF OUR OVERALL OBJECTIVE BY 1991, THE END OF THE FY-89 FUNDED DELIVERY PERIOD. EXAMPLES OF SUCH MUNITIONS ARE HARM, HARPOON AND PHOENIX. PREFERRED LEVEL OF EFFORT MUNITIONS, SUCH AS THE MAVERICK, THE IMPROVED 2000 POUND BOMB AND 155MM DUAL PURPOSE IMPROVED CONVENTIONAL MUNITIONS, ARE EXPECTED TO INCREASE IN THE AGGREGATE FROM 28 TO 50 PERCENT OF THE REQUIRED OBJECTIVE DURING THE SAME PERIOD. THESE PROJECTIONS ARE BASED ON OUR BEST ESTIMATE OF THE PRESENT THEATER ALLOCATION MATCHED AGAINST AN ESTIMATE OF OUR REQUIREMENTS AT THE END OF THE FUNDED DELIVERY PERIOD.

SINCE 1980, WE HAVE MADE A SUBSTANTIAL DOLLAR INVESTMENT IN REPLACEMENT SPARES. THE RESULT HAS BEEN A STEADY IMPROVEMENT IN OUR DAYS OF SUPPLY ON HAND DESPITE SOME INCREASES IN REQUIREMENTS BROUGHT ABOUT BY UPDATING THE THREAT ASSESSMENT. PACIFIC FLEET SPARES STATUS ACTUALLY EXCEEDS THE GOAL WHILE FLEET MARINE FORCE, PACIFIC IS WITHIN A FEW PERCENTAGE POINTS OF THE DESIRED LEVEL. ARMY UNITS IN THE THEATER REPORT TWO-THIRDS OF THE PREPOSITIONED REQUIREMENT IN PLACE. THE PACIFIC AIR FORCES HAVE 83 PERCENT OF THEATER STOCK REQUIREMENTS ON HAND. I EXPECT THE FY-88 AND FY-89 BUDGET REDUCTIONS WILL ARREST PROGRESS TOWARDS IMPROVING OUR SPARES SUSTAINABILITY POSTURE ANY FURTHER DURING THE NEXT TWO YEARS.

OVER THE PAST FIVE YEARS, DOD PURCHASED 5.4 MILLION BARRELS OF BULK PETROLEUM WAR RESERVES FOR USPACOM. WE IMPROVED THE PREPOSITIONING OF ON-HAND STOCKS SUBSTANTIALLY BY LEASING STORAGE IN JAPAN, OKINAWA, AND GUAM AND BY BUILDING ADDITIONAL STORAGE IN ADAK, KOREA, GUAM AND OKINAWA. THIS COMBINATION OF LEASING AND CONSTRUCTION IMPROVED OUR SUSTAINABILITY RATING BY MAKING FUEL AVAILABLE WHERE AND WHEN IT IS LIKELY TO BE NEEDED. ALTHOUGH IMPROVEMENT HAS BEEN MADE, MORE STORAGE IS REQUIRED IN AREAS ADJACENT TO THE NORTHERN AND NORTHWEST PACIFIC, OKINAWA, AND THE NORTHERN ARABIAN SEA IN ORDER TO FURTHER IMPROVE ON-TIME DELIVERIES.

THE FY-88 AND FY-89 BUDGETS WILL ALLOW US TO CONTINUE CLOSING IN ON THE 66 MILLION-TON-MILE PER DAY (MTM/D) AIRLIFT GOAL BUT NOT AT THE DESIRED RATE. THE STRATEGIC AIRLIFT TOTAL WORLDWIDE CAPABILITY FOR FY-87 WAS 41.0 MTM/D, INCREASING TO 52 MTM/D IN FY-92. THIS CAPACITY FALLS SHORT OF THE FY-92 MID-TERM GOAL OF 55-56 MTM/D.

THE STRATEGIC SEALIFT LONG TERM GOAL IS TO ATTAIN A ONE MILLION SHORT TON CAPABILITY. THE CURRENT UNIT EQUIPMENT SEALIFT CAPABILITY IS ABOUT 800,000 SHORT TONS AND THERE IS NO FUNDING TO IMPROVE ON THAT FIGURE.

OVERLAYING THE ENTIRE PICTURE OF SUSTAINABILITY IN THE PACIFIC IS AN OFTEN UNDERAPPRECIATED REALITY -- ITS VAST OPEN SPACES. WITHOUT AN ADEQUATE AMOUNT OF AIRLIFT AND SEALIFT TO MOVE THINGS GREAT DISTANCES, WE WOULD FIND IT VERY DIFFICULT TO EXECUTE OUR WARFIGHTING STRATEGY.

CONCERNS AND IMPACTS

OUR OBJECTIVE IN ACCOMMODATING REDUCTIONS DIRECTED FOR FY-88 AND FY-89 WAS TO PRESERVE WARFIGHTING READINESS. THE PROCESS WAS COMPLICATED BY THE THREE MONTH DELAY IN PASSING A CONTINUING RESOLUTION. THIS DELAY INTRODUCED UNCERTAINTY INTO THE EVEN FLOW OF MONIES AND MADE THE IMPACTS WORSE THAN THEY MIGHT HAVE BEEN IF WE HAD FACED THEM AT THE BEGINNING OF THE FUNDING PERIOD.

MILITARY PERSONNEL

OUR GREATEST MILITARY ASSET IS OUR PEOPLE. WE HAVE GOT BETTER QUALITY PERSONNEL TODAY THAN WE'VE EVER HAD. OUR CHALLENGE WILL BE TO RETAIN QUALITY IN THE FACE OF DEFENSE RETRENCHMENT. RIGHT NOW, I AM CONCERNED THAT WE ARE SENDING A SIGNAL OF LESSENING SUPPORT TO OUR SERVICEMEN AND WOMEN. IF SUCH A PERCEPTION DEVELOPS, THE QUALITY THAT IS THE BASIS OF OUR MILITARY STRENGTH WILL DISSIPATE.

THE PAY RAISE PROVIDED IN THE FY-88 BUDGET DIDN'T KEEP PACE WITH INFLATION, AND THAT WIDENED THE PAY COMPARABILITY GAP TO 11 PERCENT. IT'S TRUE THAT THE COMBINATION OF VARIABLE HOUSING ALLOWANCE ADJUSTMENTS, HIGHER FICA WITHHOLDING, AND THE NEW FEDERAL TAX LAWS RESULTED IN A NET INCOME LOSS FOR OVER EIGHT PERCENT OF OUR MILITARY MEMBERS, DESPITE THE PAY RAISE. CUTS IN FAMILY HOUSING CONSTRUCTION, UPGRADES, AND MAINTENANCE FURTHER DEGRADE LIVING CONDITIONS. MORALE, WELFARE AND RECREATION FUND CUTS HAVE HAD IMMEDIATE IMPACT AS FAMILY SUPPORT ACTIVITIES RAISED THEIR USER FEES, USERS OF CHILD CARE CENTERS HAVE BEEN PARTICULARLY HARD HIT. CUTS TO IN-SERVICE EDUCATION ASSISTANCE PROGRAMS HAVE HIT THE VERY PEOPLE WE WANT TO RETAIN THE MOST, THE MOTIVATED SELF-STARTERS. CUTS TO THE OVERSEAS STUDENT TRAVEL PROGRAM ADDED TO THE COSTS BORNE BY OUR SERVICE FAMILIES STATIONED

IN THE FAR-FLUNG CORNERS OF THE WORLD. THE LIST IS LONG, AND OUR SERVICEMEMBERS, I'M AFRAID, ARE GETTING A PERCEPTION OF NON-SUPPORT. THIS IS WHY I BELIEVE THAT THE REQUEST FOR A 4.3 PERCENT PAY RAISE FOR FY-89 SHOULD BE HONORED.

ASIDE FROM THE PERSONNEL ACCOUNTS, THE IMPACT OF FY-88 AND FY-89 ADJUSTMENTS HAVE VARIED FROM SERVICE TO SERVICE.

PACIFIC FLEET

AS WITH THE OTHER SERVICES, THERE HAS BEEN A GENERAL BELT TIGHTENING IN FY-88 FOR CINCPACFLT. THE OPERATIONS AND MAINTENANCE ACCOUNT FOR THE FLEET DECLINED 11 PERCENT FROM FY-87 TO FY-88 AND LIKELY WILL CONTINUE TO DECLINE IN FY-89. WE INTEND TO MAINTAIN STEAMING DAYS AT ABOUT PRESENT LEVELS FOR BOTH DEPLOYED AND NON-DEPLOYED SHIPS. TO MAINTAIN THIS OPTEMPO, THE O&M CUTS WILL BE BORNE BY THE SHORE ESTABLISHMENT. THE REAL PROPERTY MAINTENANCE ACCOUNT WAS REDUCED BY 26 PERCENT AND OPERATIONAL TEMPORARY ACTIVE DUTY FUNDING WAS CUT 24 PERCENT. REMAINING FUNDS WILL ALLOW THE FLEET TO TAKE CARE OF ITEMS THAT AFFECT SAFETY AND OPERATIONS BUT LITTLE ELSE. AS WE SEEK TO MAINTAIN OPERATIONAL READINESS, WE WILL PAY A PRICE IN OUR SUPPORT BASE.

FUNDS TO FIX THE USS MIDWAY REMAINS A SPECIAL INTEREST ITEM. I MIGHT POINT OUT THAT FUNDS WERE NEVER IN THE FY-88 BUDGET TO ACCOMPLISH THESE REPAIRS, YET THE SHIP MAINTENANCE BUDGET FOR THAT PURPOSE WAS DECREMENTED ANYWAY. OBTAINING AUTHORIZATION TO RESTORE THE MIDWAY TO FULLY OPERATIONAL STATUS STANDS AS A HIGH PRIORITY FOR THE PACIFIC COMMAND.

FORCE STRUCTURE WILL BE REDUCED BY THE RETIREMENT OF EIGHT FRIGATES AND A CARRIER AIR WING IN THE PROCESS OF STANDING UP ON

THE WEST COAST WILL NOT BE ACTIVATED.

PACIFIC AIR FORCES

THE PACIFIC AIR FORCES SUFFERED A 11 PERCENT REDUCTION IN OPERATIONS AND MAINTENANCE FUNDING FROM THE FY-87 LEVEL. ALTHOUGH THE COMMANDS' BASIC FLYING TRAINING PROGRAM HAS BEEN PROTECTED FROM DEEP CUTS, PACAF CREWS WILL STILL AVERAGE ONE LESS SORTIE EACH MONTH. EXERCISES HAVE BEEN CANCELLED OR REDUCED IN SCOPE. CHEMICAL WARFARE DEFENSE EQUIPMENT WILL ONLY BE REPLACED AT SHELF LIFE EXPIRATION, MAINTAINING CURRENT SHORTFALLS. CIVILIAN PAY WILL NOT BE FULLY FUNDED, AND FACILITY REPAIR AND REPLACEMENT PROJECTS AS WELL AS CIVIL ENGINEERING SUPPLIES, BASE OPERATING SUPPLIES AND EQUIPMENT WILL SEE CUTS UP TO TWO THIRDS OF THE FY-87 FUNDING LEVELS. THE RESULTS WILL BE DEGRADED PEACETIME READINESS AND WARTIME SUSTAINABILITY. APPROVAL OF ONLY 24 PERCENT OF THE $133.5 MILLION MILITARY CONSTRUCTION REQUEST SENDS A GLOOMY MESSAGE TO OUR OWN TROOPS.

THE FY-89 OPERATIONS AND MAINTENANCE ACCOUNT WILL EXPERIENCE BELT TIGHTENING SIMILAR TO THAT DESCRIBED FOR FY-88. THE FY-89 BUDGET REDUCTIONS WILL ALSO REQUIRE THE DEACTIVATION OF ONE OF THE TWO TACTICAL AIR SUPPORT SQUADRONS IN THE THEATER. A JET FUEL STORAGE PROJECT AT KADENA WILL BE CANCELLED, AS WELL AS PROJECTS THROUGHOUT THE THEATER FOR HARDENING FACILITIES AND OTHER SURVIVABILITY ENHANCEMENTS.

WESTERN ARMY COMMAND

OVERALL FUNDING FOR OPERATION AND MAINTENANCE WILL FALL NINE PERCENT COMPARED TO FY-87 FOR ARMY UNITS IN THE PACIFIC COMMAND. THE EFFECT OF INFLATION AND NEW REQUIREMENTS SUCH AS CIVILIAN PAY RAISES WILL AGGRAVATE THIS REDUCTION. THE INTENT IS

TO PRESERVE READINESS AND PAY THE BILL WITH TRADEOFFS IN INSTALLATION SUPPORT FUNDING. UNFORTUNATELY, ADDITIONAL OFFSETS FROM TERMINATING PLANNED EXERCISES AND DOWNSCOPING OTHERS WILL BE REQUIRED. BACKLOGS IN MAINTENANCE AND REPAIR OF REAL PROPERTY WILL INCREASE AND OTHER INSTALLATION SUPPORT ACTIVITY WILL BE CUT TO THE CORE. THE CIVILIAN PERSONNEL FORCE MAY BE REDUCED. FAMILY HOUSING FUNDS WILL BE CUT BY OVER SEVEN PERCENT AND MILITARY CONSTRUCTION PROJECTS IN KOREA AND JAPAN WILL BE DRASTICALLY REDUCED. EVEN WITH THESE ECONOMIES MADE, PACIFIC ARMY AVIATION WILL SEE 14 FEWER HELICOPTERS AND WILL LOSE THE 75 ACCOMPANYING PERSONNEL SPACES.

TRENDS FOR FY-89 REMAIN THE SAME. WORK WILL BE DEFERRED AND THE RESULTS WILL BE AN EVER-INCREASING BOW WAVE OF BACKLOG.

FLEET MARINE FORCE, PACIFIC

OPERATIONS AND MAINTENANCE FUNDS FOR FLEET MARINE FORCE, PACIFIC (FMFPAC) WERE REDUCED BY 13 PERCENT FROM FY-87 TO FY-88. AFFECTED MOST ARE BASE OPERATING FUNDS AND ASSOCIATED SUPPORT FOR FLEET MARINE FORCE (FMF) UNITS. HALF OF THE EXERCISE FUNDING FOR THEATER UNITS FELL VICTIM TO BUDGET REDUCTIONS. THE RESULTS WILL BE A FORCE LESS WELL TRAINED. NO NEW REPLACEMENT EQUIPMENT FOR STOCKAGE IN PREPOSITIONED WAR RESERVES WILL BE BOUGHT. THE BACKLOG OF MAINTENANCE AND REPAIR ITEMS WILL INCREASE. SUSTAINABILITY WILL DECLINE. I ANTICIPATE A CONTINUATION OF THE SAME IN FY-89.

SPECIAL OPERATIONS COMMAND, PACIFIC

SOCPAC EXPERIENCED AN OVERALL TEN PERCENT FUNDING CUT FROM FY-87 TO FY-88. THIS REDUCTION WILL NECESSITATE CURTAILMENT OR CANCELLATION OF JOINT USPACOM SPECIAL OPERATIONS PARTICIPATION IN

SEVERAL KEY EXERCISES AND PLANNING ACTIVITIES. FURTHER, SOCPAC IS PROGRAMMED TO GROW NUMERICALLY THROUGHOUT THE FIVE YEAR DEFENSE PLAN, BUT AS OF NOW HAS NO CONCOMITANT, PROGRAMMED GROWTH IN RESOURCE FUNDING. IN SUM, OUR GOALS OF REVITALIZING OUR SPECIAL OPERATIONS FORCES AND INTEGRATING THEIR EFFORTS INTO THE FULL SPECTRUM OF MILITARY CAPABILITY WILL OCCUR AT A MORE MEASURED PACE.

U. S. FORCES, KOREA

OUR FORCES IN KOREA ARE EXPERIENCING A 13 PERCENT REDUCTION IN OPERATIONS AND MAINTENANCE FUNDING FOR THE EIGHTH ARMY AND AN 11 PERCENT CUT FOR 7TH AIR FORCE WHEN COMPARED TO FY-87. THERE ARE ALSO SERIOUS DECREMENTS IN THE ARMY MILITARY CONSTRUCTION ACCOUNT FOR BARRACKS. THE ABSENCE OF NEW CONSTRUCTION PUTS FURTHER STRAIN ON THE REDUCED OPERATIONS AND MAINTENANCE DOLLARS BECAUSE EXISTING SUBSTANDARD FACILITIES SCHEDULED FOR REPLACEMENT WILL NOW HAVE TO BE REPAIRED INSTEAD.

FY-89 FUNDING LEVELS ARE EXPECTED TO APPROXIMATE FY-87 LEVELS, CONTINUING THE TREND TOWARD A LESS READY FORCE.

SUMMARY

EACH SUBORDINATE COMMANDER HAS ADJUSTED TO DECREMENTS IN WAYS TO MINIMIZE IMPACT ON NEAR TERM WARFIGHTING READINESS. COMMANDERS HAVE MADE THE LOGICAL, IF DIFFICULT, DECISIONS FROM THE SLIM RANGE OF OPTIONS AVAILABLE, BUT THERE SHOULD BE NO QUESTION ABOUT THERE BEING AN EVENTUAL IMPACT ON READINESS. WITH FEWER EXERCISES, SHORE SUPPORT FACILITIES DECREMENTS, REDUCED OPERATIONAL TEMPO, FEWER SPARES COMING INTO THE BINS, AND IF QUALITY PEOPLE LEAVE THE SERVICES, FORCE READINESS WILL DETERIORATE. THE DECLINE WILL NOT

BE PRECIPITOUS BUT THERE WILL BE A DECLINE COMPARED TO TODAY'S STANDARDS.

DECREMENTS MADE GO BEYOND ECONOMY OR EFFICIENCY MEASURES AND CUT INTO EACH OF THE FOUR PILLARS OF DEFENSE -- READINESS, SUSTAINABILITY, MODERNIZATION AND FORCE STRUCTURE. THE RESULTING SECURITY POSTURE WILL NOT GIVE THE SAME LEVEL OF ASSURANCE THAT WE ENJOY TODAY BUT, GIVEN THE NEED TO CARVE BILLIONS OUT OF THE DEFENSE BUDGET, I CANNOT SUGGEST A BETTER OVERALL SOLUTION EVEN THOUGH I MIGHT DIFFER ON SOME OF THE PARTICULARS. AS AN OPERATIONAL COMMANDER, YOU WOULD EXPECT ME TO GIVE PRIORITY TO THE OPERATING ACCOUNTS THAT DIRECTLY SUPPORT DAY-TO-DAY READINESS, AT THE EXPENSE OF THE LONGER TERM PROCUREMENT ACCOUNT. OTHERS WITH MORE DIRECT ACCOUNTABILITY FOR THE FUTURE WOULD DO EXACTLY THE OPPOSITE. I WOULD PRESERVE FLIGHT HOURS, VEHICLE MILEAGE, STEAMING DAYS, EXERCISE ACTIVITY AND MAINTENANCE FUNDS BECAUSE THESE ARE THE INGREDIENTS OF FORCE READINESS. I WOULD ESPECIALLY AVOID A PLETHORA OF PERSONNEL RELATED ACTIONS SUCH AS PROMOTIONS DELAYS, CUTS IN TUITION ASSISTANCE FUNDS, DELAYS IN PROGRAMMED

TRANSFERS, CUTS IN WELFARE AND RECREATION FUNDS, AND THE LIKE. TAKEN IN ISOLATION, EACH IS SMALL, BUT IN THE AGGREGRATE THEY CAN SEND THE WRONG SIGNAL TO OUR PEOPLE. SUCH VISIBLE JEOPARDY TO QUALITY OF LIFE ISSUES WILL, FOR EXAMPLE, INCREASE RECEPTIVITY TO THE ONGOING AMERICAN AIRLINES COMMERCIAL ON NATIONAL TELEVISION THAT IS RECRUITING MILITARY PILOTS. OUR STRENGTH IN AN INCREASINGLY COMPLEX MILITARY ENVIRONMENT IS SMART, TRAINED, MOTIVATED PEOPLE. WE SHOULD PROTECT THOSE WE NOW HAVE.

ON THE HARDWARE SIDE I WOULD PROTECT PROGRAMS WHICH IMPROVE MY ANTI- SUBMARINE WARFARE CAPABILITY, MY NUMBER ONE CONCERN, AREA AIR DEFENSE, LONG RANGE STRIKE AIRCRAFT SUCH AS THE F-15E, AND THE LEVEL OF COMBAT SUPPORT. ALSO, I WOULD MAKE A SMART INVESTMENT OF THE FUNDS NECESSARY TO FIX THE MIDWAY, SOMETHING WE CAN'T DO NOW WITHOUT THE AUTHORIZATION OF CONGRESS. OUR CHALLENGE IN THE PACIFIC IS TO PRESERVE FUNDAMENTAL READINESS. WE SHOULD GIVE IT OUR BEST EFFORT.

THANK YOU MR. CHAIRMAN.

Chairman Nunn. Thank you very much, Admiral.

I think we will have all of our witnesses this morning give their statements and then come back for questions to each.

General Crist, I think you are next.

STATEMENT OF GEN. GEORGE B. CRIST, U.S. MARINE CORPS, COMMANDER IN CHIEF, U.S. CENTRAL COMMAND

General Crist. Mr. Chairman, members of the committee, it is a pleasure to appear before you today to discuss the posture of the U.S. Central Command.

I have submitted a formal statement which I request be included in the record.

Chairman Nunn. Without objection.

General Crist. Each member of the committee has been provided a small handout with a map of my area on the front for ready reference during my opening remarks.

PERSIAN GULF OPERATIONS

- EXPANDED, INTEGRATED OPERATIONS IN / NEAR GULF
    - NAVAL COMBATANTS: FROM 6 TO 17
    - PATROL BOATS, MINESWEEPERS, ATTACK HELOS, MARINES, SPECIAL FORCES, SEA BASES ADDED
- JOINT TASK FORCE MIDDLE EAST ESTABLISHED
    - CONTROLS ALL U.S. FORCES IN PERSIAN GULF AREA AND NORTH ARABIAN SEA
    - COORDINATES WITH FRIENDLY AND ALLIED FORCES
    - CONDUCTS TRANSIT / CONTINGENCY OPERATIONS
        - 38 ESCORTS, 99 SHIPS PROTECTED TO DATE

Turning to the first chart, 1987 was certainly one of the most dramatic and traumatic in the 5-year life of this command. In May of 1987, CENTCOM was assigned its newest and most challenging mission, the protection of U.S. flag vessels transitting the Persian Gulf. Where once there was a small naval presence of six combatants, now there are 17. When we started the escort operation there were no patrol boats, minesweepers, attack helicopters, marines, special operations forces or mobile sea bases. Now there are.

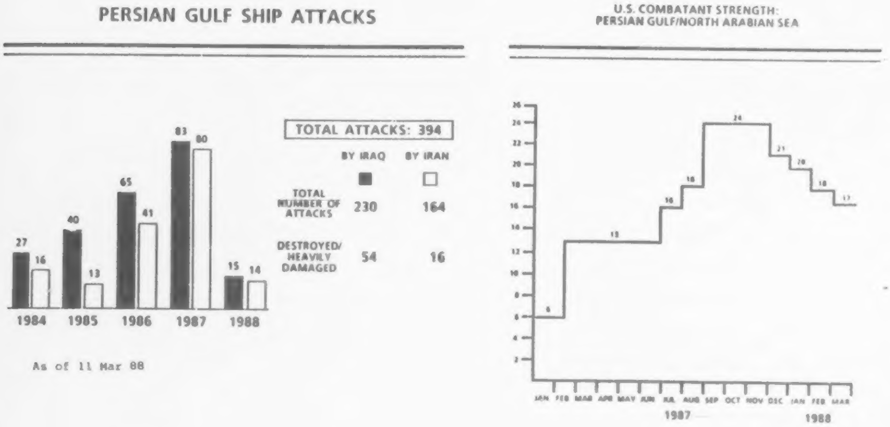
Command and control was limited to the small Middle East Force Staff. Now there is a joint task force on scene capable of rapidly bringing all the resources to bear.

Six months ago I would have harbored little hope for the host nation accommodations that we are seeing today. While we would still like our friends to be more forthcoming, we have moved mountains since last spring. I also need to tip my hat to our European allies whose naval forces, operating in and around the gulf, are making a major contribution.

I take some pride in the fact that these operations are truly joint. From transits to contingencies, from communications to intelligence, the uniforms may be different, but there is just one team. It takes a joint effort to accomplish this mission, and that is what is happening.

Many have asked me how long is this commitment to continue. With 7 years of war on the books and the level of rising violence, as is shown on chart 2, it is difficult to see how the threat to U.S. interests in the gulf will diminish, at least in the immediate future. As we continue to fine-tune our force levels, carefully balancing costs versus capability, we can ill afford to become complacent or let our guard down in a theater where the unexpected has become the expected.

PERSIAN GULF ACTIVITY



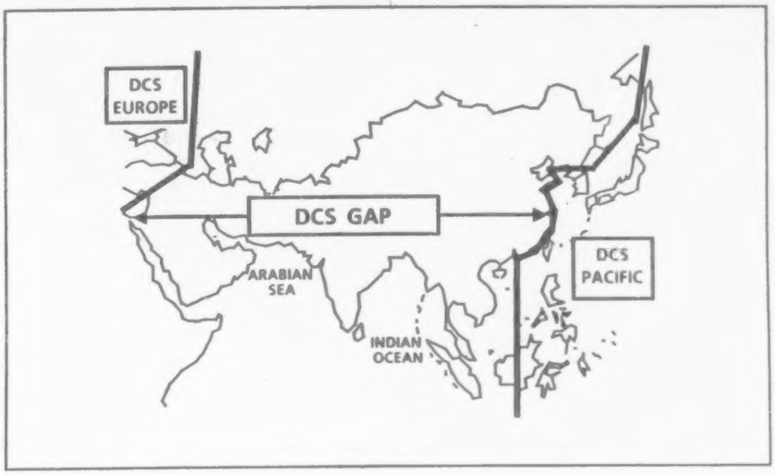
PERSIAN GULF SHIP ATTACKS

As of 11 Mar 88

U.S. COMBATANT STRENGTH: PERSIAN GULF/NORTH ARABIAN SEA

2

DEFENSE COMMUNICATIONS SYSTEM GAP



3

Communications have also seen remarkable progress. We are beginning to fill the gap, shown on chart 3, that exists in the Defense Communications System between Europe and Southeast Asia. However, we still have a way to go before a viable Defense Communications structure across Southwest Asia is actually realized.

Intelligence is another success story. Near real-time intelligence support is being provided from national and theater sources on an almost continuous basis directly to those who need it most, the operators.

Turning to chart 4, at the very time we were starting up the escort operation, CENTCOM ran our most ambitious overseas exercise to date. We put 12,000 soldiers, sailors and marines ashore in three countries during July and August in an exercise which by all accounts was most successful.

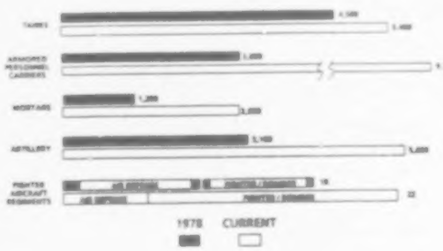
In the current preoccupation with the Iran-Iraq war, we should not lose sight of the fact that the major external threat to the region still remains Soviet expansionism. As chart 5 documents, the nature of the Soviet threat has changed dramatically in the last few years. Within the context of a global conflict and finite available forces, the Central Command could well be a secondary economy of force theater facing a formidable threat until other resources are brought to bear.

BRIGHT STAR 87

- MOST AMBITIOUS AND SUCCESSFUL EXERCISE TO DATE
  - 12,700 U.S. ASHORE PLUS 15,000 AFLOAT
  - 15,375 HOST NATION PERSONNEL
- DEMONSTRATED ABILITY TO DEPLOY RAPIDLY THROUGHOUT REGION TO SUPPORT ALLIES ... DESPITE HEIGHTENED COMMITMENTS ELSEWHERE IN AOR
- STRESSED REALISM; DEPLOYMENT/EMPLOYMENT SCENARIOS CLOSELY PARALLELED ACTUAL CONTINGENCY PLANS
- TESTED A RANGE OF COMMMAND AND CONTROL CONFIGURATIONS
  - JOINT TASK FORCE HQ
  - FORWARD HQ
  - COMBINED, UNIFIED HQ

THE SOVIET THREAT

SOUTHERN TVD GROWTH



SOVIET ACTIVITIES WITHIN THE REGION

- AFGHANISTAN:
  - 116,000 PLUS OCCUPATION TROOPS
    - 4 PLUS DIVISIONS, INCLUDING 2 SPECIAL FORCES BRIGADES
    - OVER 100 FRONT-LINE ATTACK AIRCRAFT
- SOVIET MOBILE BASE AFLOAT IN GULF OF OMAN
  - 3-4 COMBATANTS, 2-4 COMMAND/SUPPORT SHIPS
  - ESCORTING ARMS CARRIERS/TANKERS TO KUWAIT
- PDRY:
  - SOVIET NAVAL/NAVAL AIR PRESENCE
    - 1-2 COMBATANTS, 2 IL-38 SURVEILLANCE AIRCRAFT
  - 2000-3000 SOVIET/CUBAN ADVISORS
- ETHIOPIA:
  - SOVIET RED SEA NAVAL SUPPORT FACILITY
  - OVER 5000 SOVIET/CUBAN ADVISORS
  - 2500-3000 CUBAN COMBAT TROOPS

USCENTCOM STRATEGY

- RECOGNIZES CENTRAL REGION MAY BE SECONDARY THEATER
- STRESSES COALITION WARFARE
- FOCUSES U. S. EFFORTS ON CRITICAL LOCATIONS / CHOKEPOINTS
- PROVIDES FLEXIBLE ALTERNATIVES BASED ON AVAILABLE FORCES
- SERVES DETERRENCE AS WELL AS WARFIGHTING
- DEPENDS ON COOPERATION BETWEEN THE UNIFIED COMMANDS

6

Therefore, our theater strategy, as outlined on chart 6, places a premium on coalition warfare, in which our friends and allies assume a share of the responsibility for the defense of the region.

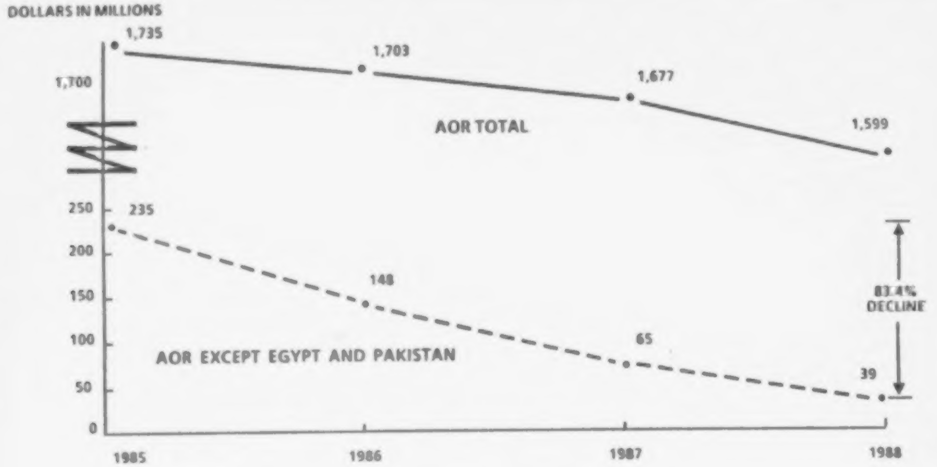
Assuming these nations are willing to take on this responsibility, employment of U.S. forces could then be more narrowly limited to denying the Soviets direct access to critical geographical locations within the region.

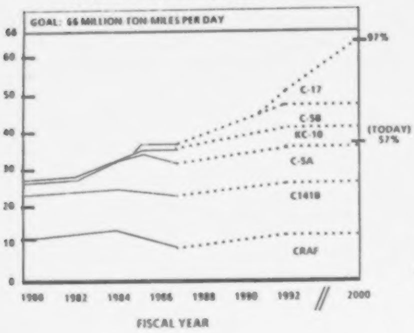
Obviously, our ability to influence our friends and allies to join the coalition strategy is directly dependent upon our willingness to assist in strengthening their individual and collective military capabilities while demonstrating a positive U.S. commitment.

It is exceedingly difficult, if not impossible, to sustain such a strategy when our leverage is disappearing. As chart 7 shows, security assistance funding for all the CENTCOM countries except Egypt and Pakistan, has been slashed 83 percent since 1985.

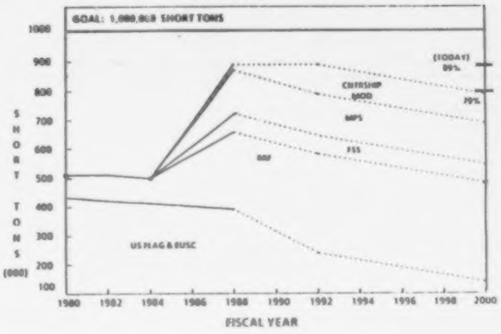
Without permanent bases, rapid response depends on a combination of airlift, sealift and prepositioning. As chart 8 clearly demonstrates, introduction of the C-17 starting in 1990 is essential if we are to eliminate the airlift shortfall by the year 2000. We are now at 89 percent of the overall DOD sealift goal. Unfortunately, the long-term outlook is not as favorable. The projected sharp decline in U.S. shipping will reduce this figure to 79 percent by the year 2000.

SECURITY ASSISTANCE
(FMS CREDITS AND MAP)



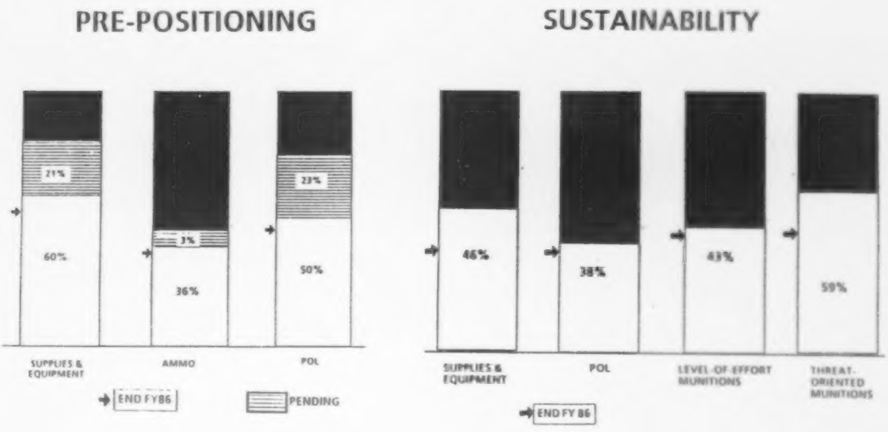


STRATEGIC AIRLIFT



STRATEGIC SEALIFT

8



PRE-POSITIONING

SUSTAINABILITY

9

COMBAT SUPPORT/COMBAT SERVICE SUPPORT READINESS

	PERCENTAGE NOT COMBAT READY					
	EQUIPMENT		PERSONNEL		COMBINED	
	1986	1987	1986	1987	1986	1987
• COMBAT SUPPORT						
•• 51% ACTIVE COMPONENT	13%	11%	11%	11%	21%	18%
•• 49% RESERVE COMPONENT	37%	17%	35%	31%	49%	39%
• COMBAT SERVICE SUPPORT						
•• 41% ACTIVE COMPONENT	12%	7%	25%	16%	30%	17%
•• 59% RESERVE COMPONENT	32%	20%	31%	29%	47%	42%
• TOTAL CS/CSS						
•• 44% ACTIVE COMPONENT	12%	8%	20%	14%	27%	18%
•• 56% RESERVE COMPONENT	35%	19%	32%	30%	47%	41%

10

While we are making steady progress in prepositioning, as shown on chart 9, I am concerned that reductions in Defense spending will be translated into cuts in prepositioning. Such actions would only serve to exacerbate the existing shortfalls in airlift and sealift.

Overall sustainability remains a problem. Our posture is soft, reflecting marginal improvement over last year. Solutions are not easy. Our priority, therefore, is to procure that portion of sustainability destined for prepositioning.

Turning to the last chart, with 56 percent of the CENTCOM combat support and combat service support structure in the reserve components, you can appreciate our concern when 41 percent of the units are reporting not combat ready for personnel and equipment. Although the situation has improved somewhat over last year, continued progress will depend in large measure on congressional interest and support.

In summary, sir, 1987 was the year CENTCOM came of age. We deployed, we exercised, we operated, we fought. Theory turned into reality in 12 short months. The teenager is becoming a man.

Thank you, Mr. Chairman.

[The prepared statement of General Crist follows:]

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UNTIL RELEASED BY
SENATE ARMED SERVICES COMMITTEE

STATEMENT
OF
GENERAL GEORGE B. CRIST, U.S. MARINE CORPS
COMMANDER IN CHIEF
U.S. CENTRAL COMMAND
BEFORE THE
SENATE ARMED SERVICES COMMITTEE
ON THE
STATUS OF THE UNITED STATES CENTRAL COMMAND

MARCH 15, 1988

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UNTIL RELEASED BY
SENATE ARMED SERVICES COMMITTEE

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EXECUTIVE SUMMARY

1987 was certainly one of the most dramatic and traumatic in the five-year life of this Command. The shipping protection regime was our most visible activity. In the larger context, however, the actions taken and progress made in support of this operation may have longer range effects which may well benefit overall US goals and objectives for the region.

Strategy

As you know, the nature of the Soviet threat has changed dramatically in the last few years with the establishment of an offensive oriented Southern Theater of Military Operations north of Turkey, Iran, Afghanistan and Pakistan and the strengthening of Soviet influence and access around the Bab el Mandeb, strategic back door to the Suez Canal. We face the same challenges as did Allenby in World War I and Slim in World War II. Within the context of a global conflict and finite available forces, the Central Command could well be a secondary, economy of force theater facing a formidable threat until other resources are brought to bear. This places a premium on coalition warfare; in which our friends and allies assume a share of the responsibility for the defense of the region. Obviously, our ability to influence these nations to assume this projected role is directly dependent upon US willingness to assist in strengthening their current and future military capabilities as well as fostering a positive perception on their part that the US is prepared to confront aggression in the region. In that regard, our near-term objectives are: to encourage our friends and allies to exert a stronger stabilizing influence in the region; enhance their separate and collective defense capabilities through an effective exercise program and reasonable

Security Assistance levels; and at the same time, continue to build our response capacity, through pre-positioning coupled with access arrangements and periodic deployments, in order to back them up with those military capabilities which they lack or to meet the threats which they simply cannot handle.

Assuming our friends and allies are willing to take on this responsibility, the US military role could be more narrowly focused on denying the Soviets direct access to certain critical geographic locations within the region from which they could tilt the regional geopolitical balance in their favor or block free passage through the strategic choke points.

Persian Gulf Operations. In May of 1987 the STARK was hit and USCENTCOM was assigned its newest and most challenging mission - the protection of US flag vessels transiting the Persian Gulf. The economic war in the Gulf, which we only worried about in 1986, became the centerpiece of our operations in 1987.

Where once there was a "show the flag presence" of a flagship and five combatants, now there are 17. When we started the escort operation there were no patrol boats, minesweepers, attack helicopters, Marines, special operations forces, or mobile sea bases.

Command and control was limited to the small Middle East Force staff. Now there is a Joint Task Force on scene capable of rapidly bringing all resources to bear as we see in our daily operation as well as in contingencies such as the destruction of the Rashadat platforms.

This rapid buildup of deterrent power and the successes we have achieved to date did not come easily. Difficult decisions and efforts were required. We take pride in the fact that these operations are truly joint. From transit operations to contingency operations - from communications to intelligence -the uniforms may be different, but there is just one team. It takes a joint effort to accomplish this mission and that is what is happening.

With seven years of the Iran-Iraq war on the books and the level of violence rising, it is difficult to see how the threat to US interests in the Gulf will diminish, at least in the immediate future.

Exercises

At the very time we were in the early throes of executing the escort mission, USCENTCOM ran the most ambitious BRIGHT STAR exercise to date. We put twelve thousand soldiers, sailors, and marines ashore in three countries, during July and August, in an exercise which, by all accounts, was the most successful to date. Joint and combined was the name of the game; tough, realistic, and interactive. We managed to pull this off through the efficient use of Joint Task Force Headquarters forward deployed to manage each sub-exercise, thereby leaving the main Headquarters relatively free to concentrate on the details of the escort operations. This turned out to be a real test of our joint command and control mechanism and it worked.

C^3I

Communications has also seen remarkable progress. We are beginning to fill the gap that exists in the Defense

Communications System between Europe and Southeast Asia. A DCS Central Area infrastructure is being created to meet the need. Initial elements have already been forward deployed and the rest of the program remains on schedule. The number of strategic communications channels has been doubled. Satellite terminals, radio facilities, secure telephones, WIN and microwave links have been deployed to support our operations where before there were virtually none. However, we still have a long way to go before a strong defense communication structure across Southwest Asia is actually realized. Continued funding support is critical to procure the necessary terminals, switches, and radios which will ensure our ability to effectively command and control our forces in this turbulent and tension filled region.

Intelligence is another real success story. In a few short months, near real time intelligence support was provided to the deployed forces. Intelligence from national and theater collectors is supplied on an almost continous basis directly to those who need it most--the fighters. Also, we have increased intelligence sharing with our allies.

Cooperation

Our persistence in the Gulf has influenced directly, and in some cases indirectly, the success of our continuing efforts to achieve our objectives within the region. Six months ago I would have harbored little hope for the host nation accommodations that we are seeing today. While we would still like our friends to be more forthcoming, we have moved mountains since last spring.

The arrival of several of our European allies on the scene has already begun to ease the strain on our forces and, should a greater level of mutual cooperation eventuate, a further savings in tempo of operations or resources might be possible. Over the longer term, the precedent established by these current deployments might lead to further consideration of cooperative operations in the region.

Resources

While we continue to seek economies and efficiencies in the conduct of the shipping protection mission through fine tuning our force levels, carefully balancing cost versus capability, we must take care to hedge our bets as to future US involvement. In a theater where the unexpected has become the expected, we can ill afford to become complacent or let our guard down.

In the current preoccupation with the Iran-Iraq war we should not lose sight of the fact that the major external strategic threat to the region remains Soviet expansionism. For the reasons previously mentioned, a coalition with our friends and allies is the critical element in our strategy to stem Russian adventurism. It is exceptionally difficult, if not impossible, to sustain such an economy of force strategy when our leverage is disappearing as Security Assistance funding for all the USCENTCOM countries, except Egypt and Pakistan, has been slashed 83 percent since 1985. Congressional support of the FY 89 President's Budget request for Security Assistance is urgently needed to reverse this trend. At the same time, budget reductions threaten to curtail overseas deployment exercises which are the only means to realistically test our readiness to respond and to graphically demonstrate US commitment to friend and foe alike.

The key to timely response in crisis or conflict within Southwest Asia is the ability to rapidly project US forces to the point of decision. Without a permanent presence in the region this response is more difficult but can be achieved through a combination of airlift, sealift and prepositioning. Airlift is the most flexible and rapid means of force projection. We currently stand at 57 percent of the overall DOD goal. The introduction of the C-17 starting in 1990 is essential if we are to realize the goal of eliminating the shortfall by the year 2000. Although fastest, airlift is also limited. Consequently, in a major contingency, 95 percent of our forces and cargo and the bulk of our ammunition and supplies will go by sea. We are now at 89 percent of the overall DOD sealift goal. Unfortunately, the long term outlook is not as favorable. The projected sharp decline in U.S. shipping will reduce this figure to 79 percent of the DOD goal by the year 2000 unless we maintain the current funding and initiate new programs to offset the alarming trend. Prepositioning, whether afloat or ashore, can sharply reduce response time and total lift needed. While we have been making steady progress in prepositioning within the USCENTCOM area, I am concerned that reductions in defense spending will be translated into cuts in procurement of those items destined for prepositioning and in the O&M necessary to maintain the stocks once prepositioned. Such actions would only serve to exacerbate the existing shortfalls in airlift and sealift.

Once the combat forces get to the theater they must be sustained. Overall sustainability remains a problem. Our posture is soft, reflecting little improvement over last year.The problem is rooted principally in low Army war reserve supplies and equipment, dollars for Air Force F-15/16 WRSK, DLA POL war reserve funding, shortage of medical supplies and equipment, and chemical protective and warning equipment shortfalls. Solutions are not easy. Many of these sustainability items are funded from O&M or stock funds which are very susceptible to cuts as a solution to budget decrements. Further, in the case of Army WRM a day of supply is estimated to cost $45M. Recognizing we are in a period of fiscal austerity, the CENTCOM priority is to procure that portion of war reserve sustainability destined for prepositioning. This course of action would make the maximum contribution to readiness as it would support the rapid force projection capability and allow us to sustain our combat forces, at least initially, from the prepositioned stocks.

Sustaining the combat force is not confined to materiel and spare parts alone. Combat support and combat service support are equally important elements in the equation. With 56 percent of the USCENTCOM Army CS/CSS structure in the Reserve Components, you can appreciate our concern for their readiness. While the situation has improved over last year, the picture still remains unsettling with 41 percent of the Reserve CS/CSS units reporting not combat ready. The primary reasons for this degraded readiness are a lack of proper skill qualified reservists and shortages of personnel, followed by a lack of equipment. The improvements that have been made are a direct result of Army programs to redistribute equipment among units and activate Regional Maintenance Training Sites. Continued progress, however, will depend in large measure on continued Congressional interest and funding support for the Dedicated Procurement Program, ARNG/USAR and end-strength growth, and preservation of O&M funds for unit training, exercise participation, training supplies and equipment, and local site support.

Summary

1987 was the year USCENTCOM came of age. We deployed - We exercised - We operated - We fought. Theory turned into reality in twelve short months. USCENTCOM has become the premier U.S. military force and presence in Southwest Asia, on a par with our sister unified commands.

SIGNIFICANCE OF AREA OF RESPONSIBILITY

The USCENTCOM area of responsibility is vast. It encompasses nineteen countries in Southwest Asia, the Middle East and East Africa, stretching 3,100 miles from east to west and 3,400 miles from north to south.

With a population in excess of 316 million, the region is a study in extremes. Within the boundaries are religions and cultures which go back over 15 centuries, overlaid by national boundaries which, in some cases, date back only 15 years. Ancient boundary disputes and tribal rivalries persist into the twentieth century. The very history that makes this region the cradle of civilization and religion is also the source of tension and conflict.

CHARACTERISTICS

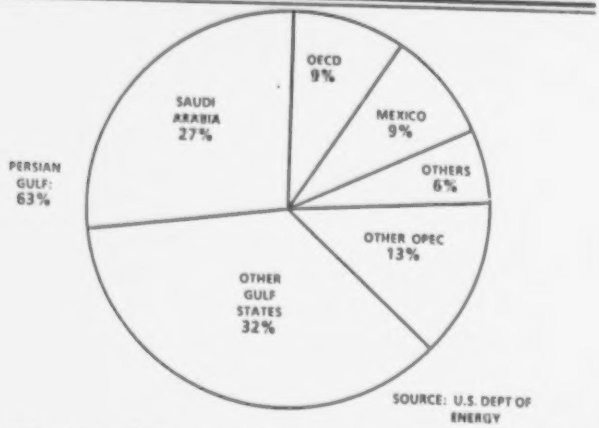
- 316 + MILLION POPULATION
- 17 DIFFERENT ETHNIC GROUPS
- 420 MAJOR TRIBAL GROUPINGS
- LANGUAGES ... SIX MAJOR GROUPINGS, HUNDREDS OF DIALECTS, TRIBAL AND REGIONAL LANGUAGES
- RELIGIONS ... SUNNI AND SHIA MOSLEM, CHRISTIANITY, ZOROASTRIANISM, JUDAISM AND ANIMISM
- ILL DEFINED BOUNDARIES
- HISTORIC REGIONAL HOSTILITIES

The United States and the free world continue to have a vital interest in the area because of its geostrategic location, vast petroleum resources, and proximity to the Soviet Union.

Oil

Clearly the primary importance of the region to the world is its pricipal resource - oil. Over 63 percent of the free world's proven oil resources are located within the Central Command's area of responsibility, with over half the amount in Saudi Arabia alone.

FREE WORLD OIL RESERVES



SOURCE: U.S. DEPT OF ENERGY

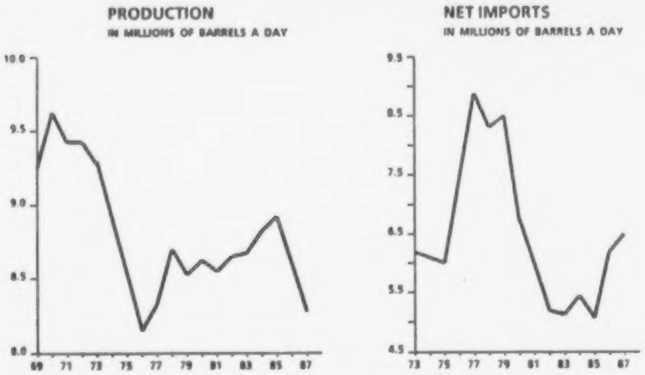
During 1987, the free world relied on over 12 million barrels of oil a day from the Gulf states to fuel its industries and economies. Many of our European and Asian allies rely heavily on Gulf oil to satisfy a significant portion of their national requirement.

PERCENTAGE OF NATIONAL REQUIREMENTS
IMPORTED FROM THE GULF STATES DURING 1987

U.S.	8%
Western Europe	25%
Turkey	77%
Japan	60%

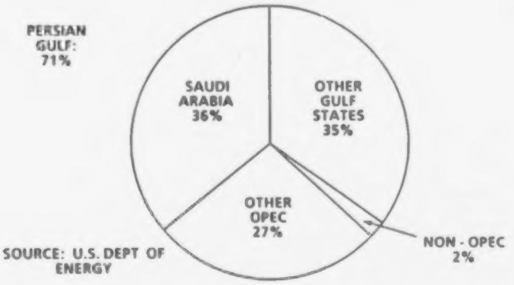
US reliance on Gulf oil also appears destined to grow. Domestic oil production dropped 4.8 percent last year to the lowest level since 1977. Last year's output was 14 percent below that of 1970, the nation's peak production year. This downward trend is expected to continue even as demand continues to rise.

U.S. CRUDE OIL PRODUCTION / NET IMPORTS



Meanwhile, imports were up by more than 5 percent last year and now account for roughly 35 percent of total US consumption. This substantially exceeds the levels before the 1973-74 Arab embargo. Of particular significance, one out of every five barrels that the US imports comes from the Gulf.

SURPLUS OIL PRODUCTION CAPACITY



SOURCE: U.S. DEPT OF ENERGY

A Department of Energy study estimates that our imports could double over the next ten years, eventually accounting for one-half or more of total projected US oil consumption. Since over 70 percent of the world's surplus production capacity exists in the Gulf, the study concludes that "rising imports imply growing reliance on Persian Gulf oil."

Trade

While oil is the most important export from the central region, other exports such as phosphates, natural gas, cotton and coffee feature prominently in the world economy. Overall, the region has traditionally been a net exporter. However, due to declining oil prices and reduced oil consumption worldwide in 1986 the central region nations experienced a $9.5 billion trade deficit with an import/export total of some $168 billion. In 1986, trade between the US and the 19 countries in the central region was valued at over $16 billion, with the US enjoying a $3.6 billion trade advantage.

Strategic Waterways

The region also includes several of the world's most strategically important waterways.

The Suez Canal serves as a critical link between east and west. Roughly 10 percent of the world's seaborne commerce passes through the canal each year--between 45-50 ships a day--over 18,000 vessels a year--carrying over 325 million tons of goods. By comparison, traffic through the Suez Canal exceeds by one-third the number of ships that annually use the Panama Canal.

The Strait of Hormuz remains the primary conduit and choke point for oil moving from the Gulf fields. The narrow Bab el Mandeb is the southern funnel of the Suez Canal and is growing in importance with the completion of new pipelines across Saudi Arabia to Red Sea terminals. Free passage through the Bab el Mandeb, is as critical as access to the Suez Canal. A blockage at either end of the Red Sea would force deploying free world naval forces to make the long transit around the Cape of Good Hope.

THREAT TO U.S. INTERESTS

THE SOVIET THREAT

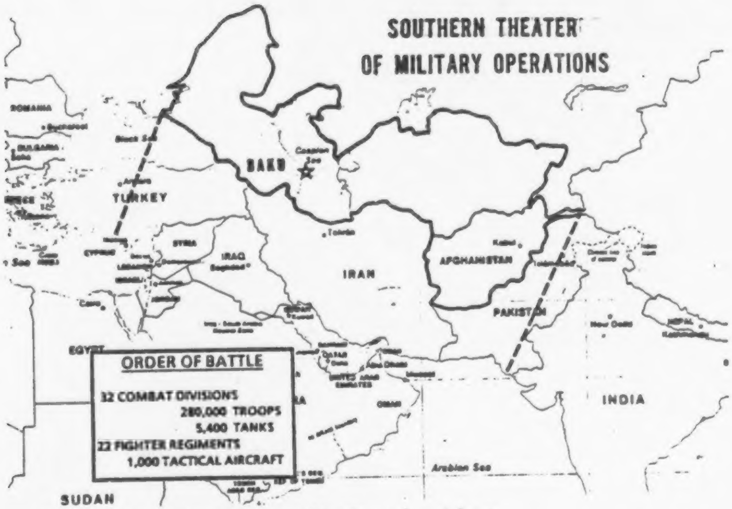
The major external threat to the central region is Soviet expansionism. The Russians, motivated by a variety of security, economic and political concerns, historically have attempted to expand their borders and influence to the south. The Soviet military focus on southwest Asia is underscored by their 1979 invasion of Afghanistan and the subsequent establishment of a High Command of Forces for the Southern Theater of Military Operations or STVD opposite the US Central Command's area of responsibility.

The Southern TVD

Mission/Structure

The STVD is comprised of ground, air and Caspian Sea naval forces based in the military districts opposite Turkey, Iran and Pakistan, including those forces actively engaged in the ongoing war in Afghanistan. The primary mission of the STVD is to plan and exercise in peacetime for the conduct of offensive operations in war. Iran is assessed to be the primary military objective, given its strategic location, vast resources and potential political and military vulnerability.

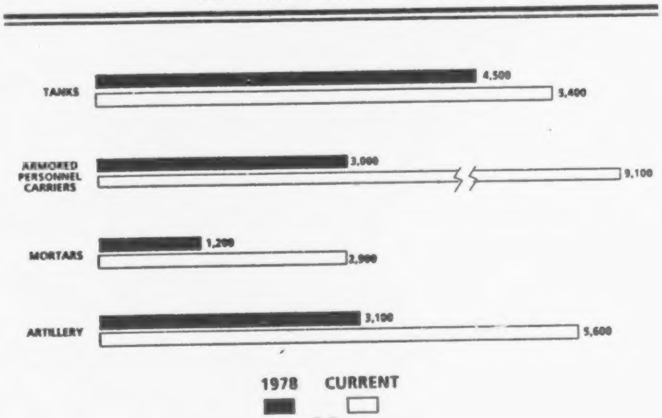
The STVD High Command of Forces, established in the early 1980's and currently under the command of General of the Army Mikail Zaytsev, is continuing to evolve but, in terms of command and control capability, is already considered to be comparable to the other TVD's opposite NATO and the Far East.


SOUTHERN THEATER OF MILITARY OPERATIONS
ROMANIA
BULGARIA
TURKEY
BAKU
Caspian Sea
SYRIA
IRAQ
IRAN
AFGHANISTAN
PAKISTAN
INDIA
EGYPT
SUDAN
Arabian Sea
ORDER OF BATTLE
32 COMBAT DIVISIONS
280,000 TROOPS
5,400 TANKS
22 FIGHTER REGIMENTS
1,000 TACTICAL AIRCRAFT

Force Expansion/Readiness/Modernization

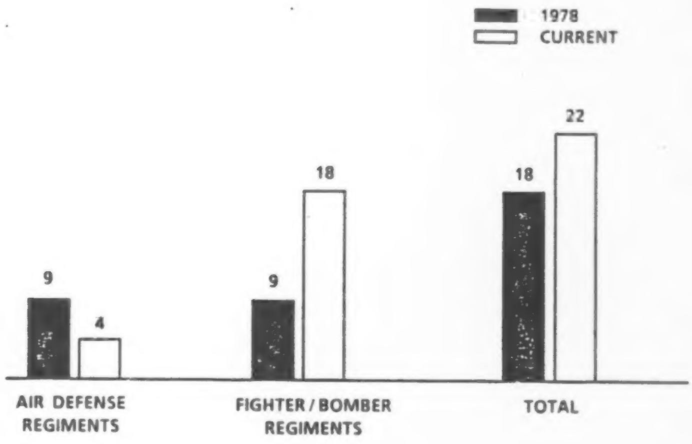
There has been dramatic improvement in both the size and composition of this force, when compared with the pre-Afghanistan days when the region was a military backwater. The number of combat divisions has grown from 25 in 1978 to some 32 today. The 4+ divisions in Afghanistan are full strength, fully combat ready units, as are 15-20 percent of the USSR-based divisions. The remaining divisions are at varying levels of readiness. All could be brought to a full state of readiness in 4-6 weeks after a notification order was given.

SOUTHERN TVD GROWTH



STVD forces continue to be both expanded and modernized. Overall, the number of tanks, armored vehicles and heavy artillery pieces poised throughout the STVD has essentially doubled since 1978. During the past year there has been a slow but steady flow of new ground force equipment throughout the TVD. This has included the continued upgrade of former truck mounted battalions with new BMP and BTR-70 armored vehicles; the steady introduction of more advanced, longer range artillery pieces such as the 152mm field gun, which provides extended range and an enhanced tactical nuclear capability; the infusion of more modern surface-to-air systems such as the SA-8 and SA-13 air defense missile systems; and the introduction of SS-23 Short Range Ballistic Missiles just prior to reaching the INF Agreement. These missiles are expected to remain in theater until 90 days after both sides ratify the accord. Meanwhile, the Soviets continue to provide their occupation forces in Afghanistan with the most modern and effective equipment available.

GROWTH / CHANGING EMPHASIS IN SOUTHERN TVD FIGHTER REGIMENTS



There has also been a marked increase in tactical air assets in the STVD since the beginning of this decade; an increase largely, but not solely attributed to their invasion and continued occupation of Afghanistan. Of significant long term consequence has been the shift in emphasis away from air defense and toward fighter/bomber regiments more suited for battlefield support and interdiction operations. While the overall number of fighter regiments is up by only 20 percent, the number of fighter bomber regiments has doubled.

In the past year, additional SU-24/FENCER all-weather fighter bombers have been introduced, further upgrading ground attack and battlefield surveillance capabilities. In addition, the steady infusion of MI-26/HALO helicopters (the world's largest; capable of handling C-130 type loads) has significantly enhanced the STVD's logistical capabilities. Almost half of the Soviet's total inventory of this advanced heavy lift platform are based in the STVD. There has also been a major qualitative improvement in strategic air defense capability with the continued deployment of SU-27/FLANKER's, the Soviet's premier air superiority interceptor, replacing existing air defense assets. Finally, STVD pilots flying their state-of-the-art SU-25/FROGFOOT front line close air support attack aircraft continue to gain invaluable combat experience as they rotate through Afghanistan.

Afghanistan

Soviet willingness to use these forces is clearly evident in Afghanistan, where their four plus divisions remain solidly entrenched as they center their ninth year of fighting the tenacious Mujahedin resistance.

During 1987, the 116,000 Soviet occupation forces were compelled to resume the primary combat role against the resistance due to the ineffectivness of the Afghanistan military. Afghanistan's Armed Forces, continually plagued by low morale and high desertion rates, have had to resort to forced conscription. Meanwhile, the Mujahedin have demonstrated increased cooperation on the battlefield and, through the effective use of tactical surface-to-air missiles and other pieces of air defense equipment, have forced Soviet and Afghan air forces to continually readjust their tactics while preventing them from most effectively employing their air assets.

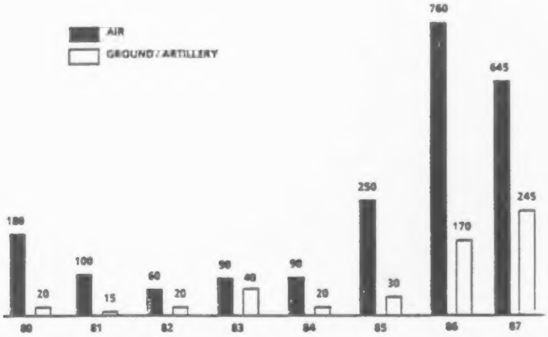
Nonetheless, while publicly proclaiming their desire to withdraw from Afghanistan, the Soviets show little sign of giving up. They conducted at least a dozen major (multi-regimental or greater) and numerous large scale (multi-battalion) military operations during 1987. These combined operations, aimed at applying constant pressure on the Mujahedin, occurred year round, and included the massive and indiscriminate use of heavy artillery, mortars and high altitude bombing. The most significant and by far the largest (multi-divisional) combined offensive of the year occurred in December when the Soviets opened the road to the city of Khowst (near the Pakistan border) for the first time since 1979. During the Khowst operation and throughout 1987, the Soviets placed increased emphasis on the use of Soviet Special Forces or SPETSNAZ units who specialize in day and nighttime commando-type operations and ambushes. Emphasizing this point is the fact that the number of special forces units in Afghanistan has quadrupled, from 2 battalions in 1981 to 2 brigades today.

Threat to Pakistan

Russian pressure from Afghanistan against Pakistan, through border incursions and subversion, threatens the stability of the Junejo government. During 1987, the Soviets and their Afghan surrogates have continued to apply considerable military and political pressure on Pakistan, in an attempt to curtail, if not eliminate Pakistani support to the Afghan Mujahedin. As part of this campaign to intimidate and destabilize the Pakistan government, acts of terrorism by Soviet supported and trained members of Afghanistan's intelligence organization have increased more than four fold, from 29 in 1986 to 128 last year.

More overtly, Soviet and Afghan military forces continue to routinely violate Pakistan's frontiers.

BORDER VIOLATIONS OF PAKISTAN



Soviet/Afghan air violations during 1987 approached last year's record rate while cross border shelling and minor small patrol incursions are nearly 50 percent higher. These ground and air violations resulted in well over 1,150 Pakistani casualties. This has prompted the government of Prime Minister Junejo to seek continued U.S. assistance for help in upgrading both its early warning/surveillance systems and its self defense capabilities.

Expanded Naval Operations

Soviet expansionism does not end with Afghanistan. During 1987, the number of Soviet naval combatants operating with their Indian Ocean Squadron more than doubled. By year's end, it was normal to find 2 to 3 major combatants (destroyers and/or frigates) and 2 to 5 minor combatants (amphibious landing ships and/or minesweepers) active in the region. In late 1986 Soviet naval combatants ventured, for the first time this decade, into the Persian Gulf. During 1987, several Soviet combatants and naval auxiliaries could be found inside the Gulf on any given day. A Mobile Logistics Base was established afloat in the Gulf of Oman to provide support and exercise command and control over this expanded naval presence.

In May of 1987, Soviet combatants began escort operations for three Kuwaiti-chartered, Soviet owned and flagged tankers. Ironically, the first tanker to be escorted, the "Marshal Chuykov" hit a mine in the northern Gulf. A total of 24 additional tankers subsequently entered and exited the Gulf under Soviet protection without incident during the remainder of the year. The Soviets also escorted 26 arms carriers enroute to and from Kuwait with military hardware bound for Iraq during 1987. They also began escorting their general cargo ships into and out of the Gulf after one of their freighters was fired on by Iranian small boats in early May.

Bab el Mandeb Foothold

Around the Bab el Mandeb, strategic back door of the Suez Canal, Russian military access has been significantly strengthened in South Yemen, while their influence over Ethiopian affairs remains undiminished. There are some 8,000 Soviet and Cuban military advisors and combat personnel situated in both these countries. These on-scene troops, employing readily-available host nation military equipment, provide an added dimension to the Soviet ability to threaten critical Red Sea and Gulf of Aden sea lanes.

Throughout 1987, the Soviets continued to take advantage of their repair facilities at Ethiopia's Dehalak Island in the Red Sea to perform routine maintanence and minor upkeep on their deployed units. Their use of PDRY port and anchorage facilities continued undiminished while their Aden-deployed IL-38/MAY anti-submarine warfare/surveillance aircraft continued to average one reconnaissance mission each week against US naval forces in the North Arabian Sea.

Simply put, the Soviets have long desired to expand their influence, and their boundaries, southward. With the establishment of the Southern Theater of Military Operations, their ongoing force expansion and modernization initiatives, and their growing military in-roads in the region, they now have significantly enhanced their military capability to do so.

REGIONAL THREATS

There are numerous other current and potential areas of concern in or adjacent to the USCENTCOM area of responsibility.

In fact the very history that makes this region the cradle of civilization and religion is also the source of internal tension and conflict.

Iran-Iraq

The Iran-Iraq War, now in its 8th year, preoccupies the entire gulf region. The situation along the border has remained generally stalemated since the January 1987 Iranian offensive against Basrah was halted 8-10 miles short of Iraq's second largest city. Since then, the uneasy calm has been punctuated by frequent artillery exchanges and a series of at least 18 small scale limited objective Iranian offensives and Iraqi counterattacks.

One of the more disturbing aspects of this conflict is the escalating economic war in the Persian Gulf, which threatens the vital artery of world commerce upon which the well being of so many gulf countries, and many other free world nations depends. Through the end of 1987, the two belligerents had attacked some 365 ships since the first Iraqi attack in March of 1984. 1987 was a banner year, accounting for 44 percent of this total. Additional details on the threat in the Gulf are provided later in this report.

South Yemen (PDRY)

Periodic clashes between PDRY government forces and exile forces loyal to former PDRY President Al Hasani (deposed in a bloody, Soviet supported coup in 1986) continued throughout the year and the planned exploitation of potential oil deposits along the North/South Yemen border promises to keep tensions in that area high. In October, violence erupted along the PDRY/Oman border after Yemeni troops crossed over the ill-defended boundary. Meanwhile, power struggles within the ruling Marxist elite continue.

Ethiopia

In Ethiopia, two years of relative calm in the disputed northern provinces ended in October, as Eritrean Peoples' Liberation Front (EPLF) and Tigray Peoples' Liberation Front (TPLF) insurgent forces intensified their attacks against government troop convoys and lines of communication. The Ethiopian military, despite being the largest armed force in sub-Saharan Africa, remains largely ineffective against these insurgent groups. Of note, when Ethiopia's President Mengistu declared his nation to be a Democratic Republic in September, he offered limited autonomy for the troubled northern provinces. The upsurge in insurgent attacks since October underscores the EPLF/TPLF rejection of this cosmetic offering.

Somalia

To the east, tensions in the disputed Ogaden region remained high due to continued Ethiopia support of Somali National Movement (SNM) guerrilla activity. The most significant incident during 1987 was a brigade-sized cross border attack by Ethiopian regulars and SNM dissidents in the vicinty of Balleh Dig, a small village in northern Somalia in February. This attack was soundly defeated. The remainder of the year saw a return to low level SNM guerrilla operations.

USCENTCOM area of responsibility decreased in 1987. In 1986, 2 Americans were killed and 22 more were wounded during terrorist attacks. Thankfully, only two minor casualties were reported in 1987. Of concern, there has been a marked increase in the number of reported instances of surveillance and suspected targeting of US personnel and facilities since mid-1987, and the potential for terrorist actions remains a constant concern.

STRATEGY

Despite the current preoccupation with the Iran-Iraq war, we should not lose sight of the fact that the major external threat to the region is Soviet expansionism. The current problems would pale in comparison should the Soviets opt to employ the military option.

Our strategic thinking has undergone considerable evolution and refinement since the establishment of the Rapid Deployment Joint Task Force. At the same time, the nature of the Soviet threat has dramatically changed. As a result, CENTCOM has now developed a theater-wide strategy, a strategy which encompasses the whole theater.

The genesis of the strategy lies in the national security objectives. President Reagan has steadfastly reaffirmed the Carter commitment to protect U.S. and free world interests in the region.

NATIONAL SECURITY OBJECTIVES

- DETER AND, IF NECESSARY, DEFEND AGAINST SOVIET AGGRESSION
- COUNTER SOVIET MOVES TO GAIN POWER AND INFLUENCE
- PROTECT FRIENDLY ACCESS TO SW ASIA OIL
- STRENGTHEN REGIONAL STABILITY
- LIMIT UNFRIENDLY/HOSTILE REGIME ABILITY TO DESTABILIZE OR SUBVERT FRIENDLY COUNTRIES

The national security objectives have been translated into the military objectives shown here. The CENTCOM mission is to put military capability behind the national commitment. The strategy links these discrete elements together. This strategy reflects that, within the context of a global strategy and finite available forces, CENTCOM could well be a secondary theater until other resources are brought to bear.

MILITARY OBJECTIVES

- **PRESERVE AND PROTECT U.S. AND FRIENDLY ACCESS TO ARABIAN PENINSULA OIL RESOURCES**
- **ASSIST FRIENDLY STATES TO PROVIDE FOR THEIR OWN SECURITY AND CONTRIBUTE TO THE COLLECTIVE DEFENSE**
- **MAINTAIN AN EFFECTIVE AND VISIBLE PRESENCE**
- **PREVENT MILITARY COERCION OF FRIENDLY STATES AND DETER ATTEMPTS BY THE SOVIETS OR HOSTILE REGIONAL STATES TO ACHIEVE GAINS BY THE THREAT OR USE OF FORCE**
- **DETER OR COUNTER SOVIET AGGRESSION**

The strategy, accordingly, places a premium on coalition warfare, in which our friends and allies assume a share of the responsibility for defense of the region. Obviously, our ability to influence these nations to assume these projected roles is directly dependent upon U.S. willingness to assist in strengthening their current and future military capabilities as well as fostering a positive perception on their part that the U.S. is prepared to confront aggression in the region.

In peacetime, therefore, USCENTCOM must encourage our friends and allies to exert a stronger stabilizing influence in the region, enhance their separate and collective defense capabilities through an effective exercise program and reasonable Security Assistance levels, and at the same time continue to build our response capacity through prepositioning coupled with access arrangements and periodic deployments, in order to back them up with those military capabilities which they lack or to meet the threats which they simply cannot handle.

Assuming our friends and allies take on the responsibilities described, the U.S. military role would be more narrowly focused on denying the Soviets direct access to those critical geographic locations within the region from which they could tilt the regional geopolitical balance in their favor or block free passage through the strategic choke points.

The strategy has to be sufficiently flexible to accommodate uncertainties which will not be known until the time of execution. Will the Soviet Union commit major forces into the region? If they do commit major forces, will the attack be confined to Southwest Asia or will it be concurrent with or subsequent to offensive action in other theaters? Will the national decision makers, given the situation in the rest of the world at the time, consider it feasible to employ major forces into Southwest Asia, or will they decide to make the USCENTCOM area a secondary or tertiary theater until additional forces can be generated?

The strategy accommodates these variables by providing the decision makers with a campaign plan which incorporates flexible execution options based on alternative force levels which might be made available, depending on the situation in the rest of the world at the time and; sets of tasks, differing in scope and magnitude, again dependent upon what is desired that CENTCOM accomplish either at the initiation of hostilities or subsequently in a global conflict.

Such an approach serves deterrence as well as warfighting. By evaluating our exercises, Soviet planners would not be sure which course of action might be selected by the United States should the Russians opt for offensive operations. Faced with a degree of uncertainty, Moscow may hesitate to commit its forces, constrain its objectives, or be forced to draw critical resources from another theater to ensure a high degree of success. Any of these Soviet actions would benefit the U.S. from a global perspective.

Finally, the strategy is dependent upon a high degree of cooperation between the unified commands in supporting one another in order to maximize our constrained combat power at the point and time of decision.

In sum, the CENTCOM strategy is one of economy of force, capitalizing on the synergistic effect of U.S. and friendly forces to selectively deter or counter hostile Soviet military actions.

COUNTERING THE THREAT

FORCES

All four military services provide forces to USCENTCOM for the conduct of assigned missions. These forces are necessarily selected from among the military's most mobile and combat ready, able to respond to a crisis in the USCENTCOM area of responsibility.

U.S. Army Forces Central Command

Army forces apportioned to USCENTCOM, represent a balanced mixture of strategically mobile combat units. Specifically, airborne and light infantry units provide USCENTCOM a flexible rapid response to a crisis anywhere in the area of responsibility. Air assault, armor and mechanized units provide mobile heavy combat forces to conduct a sustained land battle. Combat Support (CS) and Combat Service Support (CSS) units would be deployed to support these combat units.

Readiness

As reported last year, the Army combat elements remain able to deploy and are combat ready. The readiness of Army CS/CSS forces apportioned to USCENTCOM continues to be of great concern. The table below reflects the improvements which have been made in the past year. Over 50 percent of CS and CSS units come from the Reserve Component. A detailed analysis of the CS/CSS readiness shortfall, improvements and limitations is provided later in this section.

USARCENT FORCES
UNIT READINESS

	% COMBAT READY	
	1986	1987
COMBAT FORCES		
ACTIVE COMPONENT	100%	100%
COMBAT SUPPORT		
ACTIVE COMPONENT	83%	83%
RESERVE COMPONENT	50%	62%*
COMBAT SERVICE SUPPORT		
ACTIVE COMPONENT	70%	81%*
RESERVE COMPONENT	54%	58%*

* IMPROVEMENT SINCE LAST YEAR

Combat Support/Combat Service Support (CS/CSS)

While the Navy, Marine Corps, and Air Force support elements are experiencing few problems, the Army CS/CSS forces apportioned to USCENTCOM continues to be of great concern. The situation has improved some since our last report. But overall, the low readiness levels of the non-major CS/CSS units, especially those in the Reserve Components, limit our warfighting ability. CS/CSS is one of USCENTCOM's top ten priorities. Your support for the manning, training, and equipping of Army Reserve Components is essential to USCENTCOM's warfighting ability.

Equipment

While there has been some improvement, significant equipment shortages still persist in the CS/CSS units and adversely affect the readiness of USCENTCOM's Army Component. Presently, 8 percent of the active component CS/CSS units report significant equipment shortages. Last year 12 percent of the active units reported similar shortages. The problem is even worse in the Reserve Component, which constitute 56 percent of the total CS/CSS force. Nineteen percent still report significant equipment shortages as compared to 35 percent last year.

USARCENT NON MAJOR UNITS EQUIPMENT-ON-HAND STATUS

	PERCENTAGE NOT COMBAT READY	
AC/RC UNIT MIX	1986	1987
• COMBAT SUPPORT		
•• 51% ACTIVE COMPONENT	13%	11%
•• 49% RESERVE COMPONENT	37%	17%
• COMBAT SERVICE SUPPORT		
•• 41% ACTIVE COMPONENT	12%	7%
•• 59% RESERVE COMPONENT	32%	20%
• CS/CSS		
•• 44% ACTIVE COMPONENT	12%	8%
•• 56% RESERVE COMPONENT	35%	19%

Several ongoing, parallel Army resourcing actions account for the improvement of equipment on-hand (EOH) readiness of the CS/CSS units. First, the Army Cross-Leveling Program uses equipment redistribution to upgrade some of the non-combat ready units.

Second, the Dedicated Procurement Program procures equipment and dedicates it exclusively to the Reserve Components. Last, Congress appropriated $102M of the $102M requested in FY88 for the procurement of equipment for the high priority, early deploying CS/CSS units, and DOD has requested $71M in the FY89 President's Budget to continue this program.

CS/CSS EQUIPMENT RESOURCING ACTIONS

- o Cross-Leveling Program
- o Dedicated Procurement Program
- o The Army Budget

Personnel

Personnel shortages in the Active Component and skill qualification in the Reserve Component are the primary causes for personnel readiness problems in CS/CSS units in USCENTCOM's Army component.

Specifically, 14 percent of the Active Component CS/CSS units are not combat ready. This is a 6 percentage point improvement over last year. The primary factor degrading personnel readiness, in the Active Component, is that of strength shortages. In the Reserve Component, a lack of qualified personnel is the primary factor degrading readiness: 30 percent of these CS/CSS units are not combat ready, mostly for that reason.

USARCENT NON MAJOR UNITS
PERSONNEL STATUS (CS/CSS)

	PERCENTAGE NOT COMBAT READY	
AC/RC UNIT MIX	1986	1987
• COMBAT SUPPORT		
•• 51% ACTIVE COMPONENT	11%	11%
•• 49% RESERVE COMPONENT	35%	31%
• COMBAT SERVICE SUPPORT		
•• 41% ACTIVE COMPONENT	25%	16%
•• 59% RESERVE COMPONENT	31%	29%
• CS/CSS		
•• 44% ACTIVE COMPONENT	20%	14%
•• 56% RESERVE COMPONENT	32%	30%

The following chart indicates the types of units with personnel problems and their current status compared to last years.

USARCENT NON MAJOR UNITS PERSONNEL STATUS

PERCENTAGE NOT COMBAT READY

	1986		1987	
• COMBAT SUPPORT	%AC UNITS	% RC UNITS	% AC UNITS	% RC UNITS
•• CHEMICAL	17	69	0	64
•• MILITARY POLICE	23	37	14	20
•• ENGINEER	10	38	12	31
•• SIGNAL	0	33	0	36
•• INTELLIGENCE	61	50	50	50
• COMBAT SERVICE SUPPORT				
•• MAINTENANCE	14	43	7	44
•• TRANSPORTATION	28	30	11	27
•• ORDNANCE	14	29	11	29
•• QUARTERMASTER	29	41	23	32
•• MEDICAL	23	25	28	24
•• CIVIL AFFAIRS	0	25	0	0
•• ADJUTANT GENERAL	0	17	25	0
•• LOGISTICS GROUP	0	0	50	0
•• FINANCE	0	0	0	0

Personnel readiness in Reserve Component units is dynamic. It involves recruiting, training, and retaining personnel in the highly technical career fields. As the chart shows, a lack of qualified personnel in twenty-six percent of the Reserve Component CS/CSS units results in these units not being combat ready. Developing means to get greater numbers of personnel qualified for the jobs that exist in these units is the major immediate task.

USARCENT NON MAJOR UNITS PERSONNEL STATUS (CS/CSS)

REASONS NOT COMBAT READY	% OF RC CS/CSS UNITS NOT COMBAT READY 1986	1987
MOS QUALIFICATION	30%	26%
STRENGTH SHORTAGE	16%	15%
SHORTAGE SENIOR GRADE	11%	10%

NOTE: SOME UNITS REPORT NOT COMBAT READY FOR MORE THAN ONE REASON

The Regional Maintenance Training Site Program is one means of countering the adverse effects produced by the lack of qualified personnel. This program provides direct/general support sustainment and transition training in maintenance specialties at facilities throughout the country. Presently, the Army is operating 6 of the 21 facilities it plans to open by FY 91. This is an increase of two from those operational last year. $40.2M appropriated by Congress in FY88 combined with the DOD FY89 President's Budget request for $42.6M will provide an additional five sites by the end of FY89. These facilities are an important element in the effort to correct the specialty qualification problem. Continued support of this program is essential to improvements in CS/CSS readiness.

US Air Forces Central Command

USCENTAF forces provide critical close air support, electronic countermeasures, interdiction, aerial reconnaissance, airborne command and control, and offensive and defensive counterair. In addition, Military Airlift Command C-130 squadrons under operational control of commander USCENTAF provides an essential combat airlift capability. The Air Force Reserve Component provides two-thirds of the C-130 squadrons, over half of the Tactical Reconnaissance Squadrons, and nearly 60 percent of the communication support apportioned to USCENTCOM. Active duty Air Force units presently provide early warning (AWACS) in support of Persian Gulf Operations as well as aerial refueling missions for our forces in performance of those duties. At a moment's notice, on call tactical fighter squadrons and strategic bombers are poised to deploy and fulfill a variety of combat responsibilities ranging from deterrence to contingencies to major warfighting.

Readiness

Apportioned Air Force combat and logistic support squadrons, both active and reserve, are 100 percent combat ready this year as they were last year.

Improvements

Among the highest priority improvements for air forces are programs which enhance ability to conduct night, under the weather, interdiction and close air support. The Low Altitude Navigation and Targeting Infrared System (LANTIRN) scheduled for procurement and installation in the newest F-15E and F-16 aircraft is on track ($688.2M in FY89 President's Budget) and will provide this essential interdiction capability. Similarly, funding in FY89 President's Budget for production of modern munitions, specifically an improved 2000 pound bomb (BLU 109/8), $31.9M; the High Speed Anti-Radiation Missile (HARM), $216.1M; and IIR Maverick, $260.4M, needs Congressional support to obtain needed stocks of these effective weapons.

Limitations

USCENTAF forces have limited capability to perform night/all weather strike operations because of restricted aircraft capability and are limited by lack of spare parts, tactical command and control equipment and quantities of modern weapons.

- Night/All Weather Capability. The PAVETACK modifications to F-111D, which could not be service funded in FY89, restricts employment of this aircraft as an all weather, night capable deep strike asset. Until the LANTIRN system, discussed above is operational, USCENTAF lacks forces capable of conducting true all weather, day-night attacks. Further, the LANTIRN equipped F-15E, which is the only LANTIRN capable fighter aircraft allocated to USCENTCOM, will not be available until the early 1990s.

- USCENTAF's Tactical Air Control Center (TACC). TACC is restricted by a lack of information processing capability which handicaps their ability to efficiently employ combat air assets. Modular control equipment now in procurement is a joint Air Force/Marine Corps program to replace the 25 year old TACC equipment and message processing centers in the Tactical Air Control System. Modular control equipment acquisition is a recognized requirement in the USCINCCENT Integrated Priority List

(IPL). FY89 requested funding of $163.3M for this program must be supported if full operational capability is to be reached by the mid 1990s. Of particular benefit for USCENTCOM is the fact that these new modular units require 65% less lift than the less capable aged TACC equipment they replace.

- Spare Parts Shortage. War Readiness Spares Kits (WRSK) are essential to keep combat aircraft operational. Funding reductions in FY 88 will reduce the F-15 sorties rate by 16 percent and F-16 by 4 percent in FY 90, with projected sorties shortfalls of 24 percent and 19 percent, respectively, by FY 91. Continued sortie reductions are predicted as service could not support WRSK funding in FY89.

- Modern Munitions Stocks. While spare parts shortages affect both old and new aircraft, the combat effectiveness of our newest aircraft would be further reduced if there are continued shortages in the modern weapons these aircraft were designed to employ. Funding for air to air missiles and precision guided munitions procurement is essential. A more detailed discussion of the impact of WRSK and weapon shortfalls appears in the Sustainment section.

US Naval Forces Central Command

The Commander, U.S. Naval Forces Central Command, provides administrative and logistics support to Naval forces operating in the Persian Gulf and exercises operational control of Naval forces in the area of responsibility not under operational control of the Commander Joint Task Force Middle East (CJTFME).

Readiness

Assigned Naval Forces are 100 percent combat ready this year as they were last year.

Improvements

Efforts have been undertaken to make the support system more responsive to the requirements of the operational commanders in and outside of the Persian Gulf. These are:

- A US Navy sponsored initiative to transfer the major portion of the logistical supply burden from air to surface transportation.

- A Ready Supply Store warehouse ashore with monthly deliveries of consumables

- A savings in time by avoiding the long transit to Diego Garcia with a commercial contract to replenish US Navy Combat Logistic Force (CLF) ships with non-lethal supplies through a port outside the Arabian Gulf. (The CLF ships, in-turn, resupply the US Navy ships in the Gulf)

- Contract of a commercial motorized tanker to provide a dedicated JP-5 resupply to forces inside the Persian Gulf

- Establishment of support for the Mobile Sea Base Platforms (MSB)

To date, no operation has been delayed or cancelled because of a lack of logistics support. The system has been adapted to fill the operational commanders' needs, and, in the process, the people working the problems have demonstrated the viability of joint logistic operations. The experience and knowledge gained is invaluable as the book is being written on how the DOD community supports a Joint Task Force commander.

US Marine Forces Central Command

The First Marine Expeditionary Force is designated as the USCENTCOM Marine Component for planning.

Readiness

Marine forces which would be available to USCENTCOM report 100 percent combat ready this year as they were last year.

Improvements

Continued support for the Landing Craft Air Cushioned (LCAC) ($209.1M for nine units in FY89) combined with the MV-22 ($306.7M RDT&E and $338.7M in advanced procurement in FY89) will provide a much needed over-the-horizon amphibious lift option and enhanced lift capability. Currently, a fully capable 16,500 Marine Amphibious Brigade, when joined with its MPS squadron prepositioned assets, can quickly respond to a crisis in the USCENTCOM area of responsibility.

Limitations

The CH-46, long the backbone for tactical mobility of Marine forces, will be retiring through the 90's and will need to be replaced by a more capable platform. The current development and planned procurement of the MV-22 Osprey Tilt-Rotor aircraft would provide essential speed and range advantage over conventional helicopters. These MV-22 attributes are particularly important in the USCENTCOM area, where vast distances must be covered over difficult terrain.

Special Operations Forces Central Command

Special Operations Command Central (SOCCENT), is a sub-unified command, and rounds out the component forces.

Readiness

	PERCENTAGE COMBAT READY	
	1986	1987
ARMY SOF (RANGERS + SPECIAL FORCES)	100	100
AIR FORCE SOF	100	75
NAVY SOF	100	100

USAF SOF units have experienced readiness degradation primarily due to lack of on-hand spare parts for HH-53 and, in particular, the AC-130 gunship.

Improvements

Continued congressional support of SOF modernization is requested for the FY 89 President's Budget which provides $12.4M for the procurement of updated SOF C^3 equipment, $209.5M for the procurement of four MC-130H's, $317.8M to procure six AC-130U's, and $77.1M for continuing modernization of existing SOF aircraft. Finally, $26.9M RDT & E for the CV-22, a SOF mission configured OSPREY, is essential to continue development of the only new long range vertical lift aircraft on the horizon to support special operations.

Limitations

The lack of vertical lift aircraft with the range to operate in the area of responsibility, and man-pack Low Probability of Intercept/Low Probability of Detection reliable communications are pressing problem areas that require attention. The anti-aircraft system currently in use by SOF forces is not equipped with a night sight, and none will be available in the foreseeable future. Lack of this sight reduces mission capabilities since many of SOF operations are conducted at night.

Coalition Forces

Coalition warfare and active military support of USCENTCOM objectives by friends and allies are critical. While the United States does not currently maintain formal defense alliances with any of the central region nations, friendly and allied forces in the region could make a significant contribution toward the common defense.

France

The French, maintain a significant presence in Djibouti on strategic Bab el Mandeb choke point. Nearly 5,000 French ground, air and naval personnel, operating out of the former French colony, provide a very visible counterbalance to the Soviet presence in neighboring Ethiopia and in the PDRY.

GCC

	ARMY	AIR/AIR DEFENSE	NAVY
BAHRAIN	2,000	200	560
KUWAIT	11,000	6,150	1,000
OMAN	24,000	2,150	2,000
QATAR	5,000	300	700
SAUDI ARABIA	75,000	17,500	5,500
UAE	40,000	4,000	1,500
TOTAL	157,000	30,000	11,260

The GCC states in combination should be capable of providing security and defense of critical oil-producing facilities and transshipment points. The GCC states combined have an armed force of approximately 200,000 personnel.

Egypt, Jordan, Pakistan

	ARMY	AIR/AIR DEFENSE	NAVY
EGYPT	320,000	109,000	20,000
JORDAN	70,000	10,000	500
PAKISTAN	450,000	25,000	13,000

Egypt, Jordan, and Pakistan have all demonstrated a willingness and ability to provide assistance to friendly neighbors and each could play a limited yet highly constructive role in defending free world interests during a time of global conflict.

Great Britain

While the British no longer maintain permanent bases in the area they continue to enjoy a close working relationship with many central region nations. British naval units maintain a near continuous presence in the Persian Gulf and/or Gulf of Oman and are readily available to assist in keeping the international sea lanes and strategic straits open.

Other Friendly Forces

	ARMY	AIR/AIR DEFENSE	NAVY
DJIBOUTI	2,700	300	50
KENYA	18,345	3,000	650
SOMALIA	40,000	5,500	2,000
SUDAN	51,000	6,000	1,500
YAR	35,000	1,000	1,650

Most of the other regional countries possess only modest military forces and/or capabilities and would be hard pressed to provide assistance or support beyond their immediate border.

FORCE PROJECTION

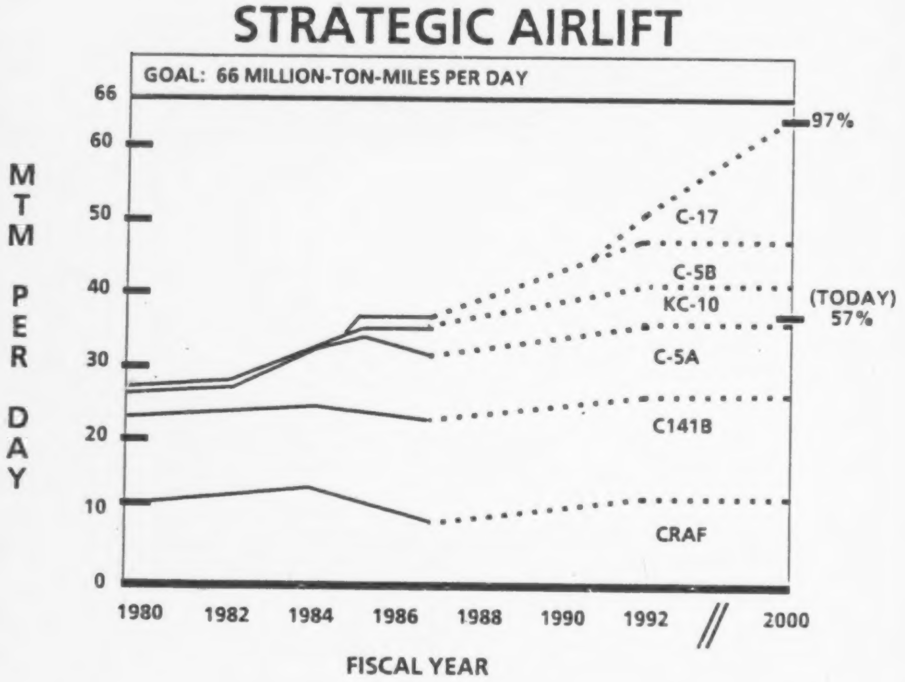
A major challenge in the USCENTCOM theater is the deployment and sustainment of combat forces in an area over 7,000 miles away, with minimal US military infrastructure in-place. To meet this challenge USCENTCOM must insure:

- That forces and supplies are sized for deployment
- That the required levels of war reserve material are resourced
- That the amounts and locations of these materials to be stored in-theater are on track
- That the strategic lift required to deploy the forces and supplies is available
- That the forces can be sustained for planned operations

The following subjects address how the command is progressing in meeting these challenges.

Airlift

Today, 57 percent of the strategic airlift goal of 66 million-ton-miles per day (MTM/D) is attainable. The programs that will help resolve this shortfall by the year 2000 are shown on this chart.



Congressional support of airlift programs has helped produce significant enhancements to the capability of the strategic airlift fleet. During the past year, there have been advances such as:

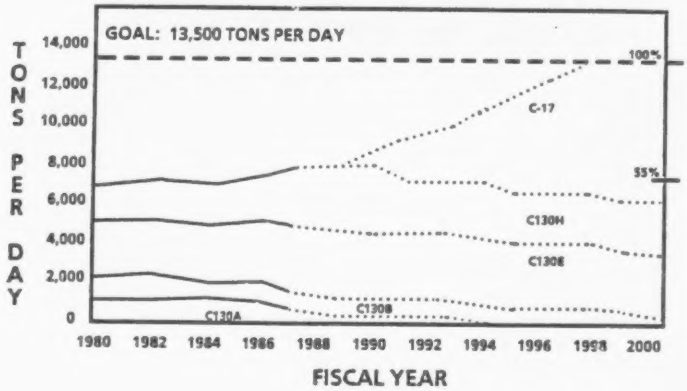
- Completion of the C5A life extension program
- Delivery of 12 C5B's
- Delivery of 10 KC10's
- Modification of two wide-bodied commercial aircraft under the CRAF enhancement program
- Continued research and development supporting acquisition of the C17.

The addition of these enhancements has been offset by a decline in the C-5 utilization (UTE) rate and a lower than expected CRAF enhancement production schedule.

The CRAF Enhancement Program has been successful; however, modification of existing aircraft to fit DOD requirements is a time consuming and expensive program. The Air Force is preparing programs and proposed legislation which will provide for National Defense Features in all new commercial aircraft design and production. This project is recommended for your support.

As can be seen from the chart, in the year 1991 and beyond, airlift growth is heavily dependent on the C-17 for any future improvements. Indeed, in order for the U.S. to meet its worldwide commitments, the C-17 must be fielded in 1990. The President's Budget keeps the C-17 on track with $961.1M for R&D and $1107.7 for procurement which will buy four aircraft and allow for continuing production.

Not only is the C-17 essential to strategic airlift, but it is even more important to USCENTCOM's ability to accomplish its mission once in the theater of operation. As can be seen, the C-17 will contribute 60 percent of the intratheater lift by FY 2000.



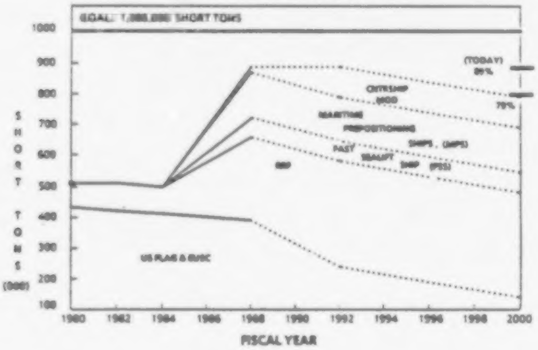
INTRATHEATER AIRLIFT

The bottom line is that the future of both strategic and intratheater airlift reside in the procurement and acquisition of the C-17. Congressional support to insure the program stays on track is essential.

Sealift

Sealift is the workhorse of U.S strategic mobility programs. While airlift and prepo programs provide early support, the tonnages involved represent only about five percent of our total theater requirements. The other 95 percent of the tonnage moves by sealift. With Congress' support in the last year, USCENTCOM continued the buildup of strategic sealift capability which started in 1984. Eleven ships were added to the Ready Reserve Force (RRF) which compensated for some of the declining capacity of the US Flag commercial fleet, including the Effective U.S. Controlled (EUSC) ships, and added a carrying capacity of about 50,000 short tons of unit equipment. As a result of Congressional support, there are now 92 ships in the RRF, in 5, 10, and 20 day readiness conditions. With the $35.4M allocated for RRF procurement in the FY89 DOD Budget we should be able to buy as many as seven additional ships depending on ship types available. The other active sealift program, the Containership Modification Program, buys seasheds and flatracks which enable containerships to carry unit equipment. When current program contracts are delivered and the $21.6M identified in the FY89 budget is spent, USCENTCOM will be able to use as many as 25 containerships to carry unit equipment. As can be seen by the top line on the graph, the containership mod program provides an additional 100,000 short tons of strategic sealift capacity.

STRATEGIC SEALIFT



Projections are that the existing RRF and containership modification programs will support unit equipment lift capacity requirements until 1992. However, currently scheduled programs do not compensate for the projected continuing decline of the US Flag and EUSC Fleet, as can be seen by the bottom line of the chart.

The Presidential commission on Merchant Marine and Defense, chaired by Jeremiah Denton, identifies a concern on the readiness condition of the RRF and amplifies concern with the failing health of the US merchant fleet and shipbuilding industry. Their first report, published last fall is certainly alarming. The report raises significant issues on:

- Availability of crews for RRF ships
- Decline of shipyard facilities and skilled workers
- Decline of US Flag Merchant Fleet

These issues strike at the heart of the strategic mobility workhorse. Some bold initiatives will be required to overcome the alarming sealift trend.

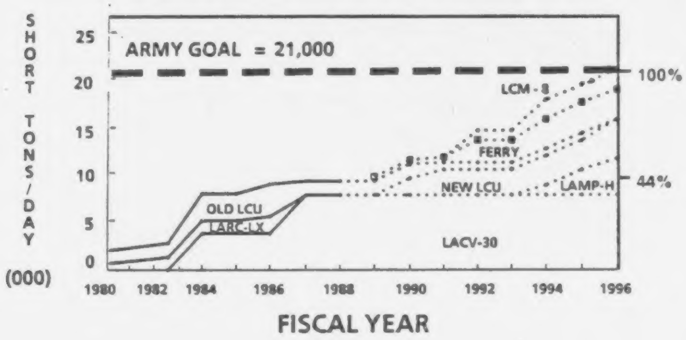
Logistics Over the Shore (LOTS) Equipment

To support our requirement to offload ships in-the-stream and to move that cargo across beaches and through ports with shallow pier facilities, the Army has established a goal of 21,000 STONS/day of discharge capability.

The Army LOTS program includes the following equipment: Lighter, Air Cusion Vehicle-30 ton (LACV-30); Lighter, Amphibious Resupply Cargo-60 tons (LARC-LX); Landing Craft, Utility (LCU); Lighter, Amphibious-Heavy (LAMP-H); Causeway Ferry (Ferry); and Landing Craft, Mechanized - Model 8 (LCM-8).

The FY89 President's Budget requests $46.7M to buy the last 12 of 35 LCU's. Delivery of these vessels during FY 90/91 will provide 1800 STONS of daily lift capability. Continued support for the LCU's has been a key to the success of the LOTS program.

The LOTS program displayed below is broken down in short tons. Our capability today stands at a modest 9300 STONS/day.



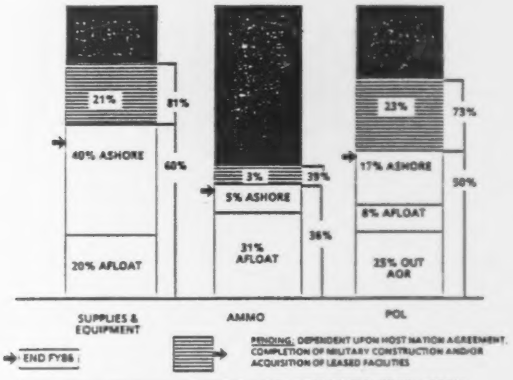
ARMY LOTS PROGRAM

USCENTCOM's area of responsibility is characterized by poor beach gradients which require the capability to move cargo over long shallow beach approaches and across unimproved beaches. The requirement to lift heavy unit equipment across the beach emphasizes our need for the Army's LAMP-H. Support of continued funding of Research and Development of the LAMP-H program is key to fielding a LOTS capability equal to the demands of our area of responsibility.

Pre-positioning

During the past year, reasonable progress was made in the pre-positioning of stocks in all three major categories. A new agreement was signed with one country, and action is ongoing to initiate pre-positioning in another country and to expand still another site. The prognosis for similar gains in 1988 is good, especially for the Air Force. However, the Armys pre-positioning posture will remain well short of target goals. Army pre-positioning is constrained by available storage space, either ashore or afloat, and shrotages in on-hand assets. Existing deficits can be resolved in the long term through supported procurement of major equipment, medical supplies and ammunition. Continued gains in pre-positioning of POL is similarily dependent on both available storage and concurrent procurement of war reserve stocks. As an aside, the command continues to make good use of many prepo assets during small and large-scale exercises. For example, these assets were extensively used during Bright Star 87 (USCENTCOM's largest overseas exercise to date), thereby saving 14 C-141 sorties at a cost-avoidance of about $1.1 mil.

PRE-POSITIONING



(DOES NOT INCLUDE STORES ABOARD THE MARITIME PRE-POSITIONED SQUADRON)

In FY88, Congress appropriated $181.2M and the FY89 DOD President's Budget requests $197.9M for operations and maintenance funding for SWA pre-positioning. These funds provide for care of assets in storage, leasing of facilities including the afloat pre-positioning ships, and transportation of assets. MILCON funding provides $5.2M in FY88 and requests $31.9M in FY89 to construct an Intermediate Staging Facility and a theater war reserve facility.

Supplies and Equipment

An increase of 6 percent in supplies and equipment prepositioned resulted from continued shipments into Oman. On 26 September 1987, an agreement was signed that permits storage in the Gulf, of materiel being moved from a less desirable location in the region. The material will start moving in March 1988. Further, the prognosis looks good for additional pre-positioning of materiel in the region. This will enable the command to build up a critical forward air base location in support of operations to protect the Bab El Mandeb, the strategic southern exit of the Red Sea. Finally, the Congress approved $5.2M in FY 88 funds for the construction of an additional 160,000 SF of storage facilities in Oman.

Munitions

As reported last year, the bulk of the command's munitions requirements continue to be pre-positioned afloat. The 1 percent increase resulted from shipments to Oman and one other location. Negotiations are continuing to provide for pre-positioning 11,000 S/T in another Southwest Asia country and additional shipments are scheduled during 1988 for Oman.

POL

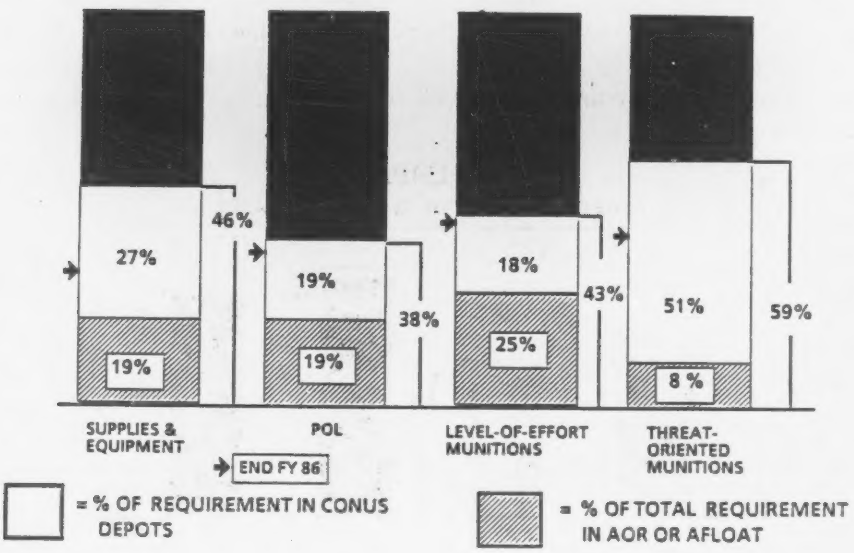
While the total pre-positioned POL status improved only 2.0 percent in 1987, the amount of POL stored ashore in the region has almost tripled. This significant improvement was the result of the reallocation of other unified command theater reserves to fill the new 1.5 million barrel storage facility in Bahrain.

SUSTAINABILITY

An essential element of successful force projection is sustainability; the staying power of a military force once it is deployed. The most significant aspect of this element is materiel sustainability which is composed of several interdependent elements including theater pre-positioning, afloat and ashore, and depot stocks in CONUS, reserved for USCENTCOM.

Shown below is a comparison of the current and previous year materiel sustainability postures. (Ending FY86 data is indicated by the arrow on each column.)

SUSTAINABILITY

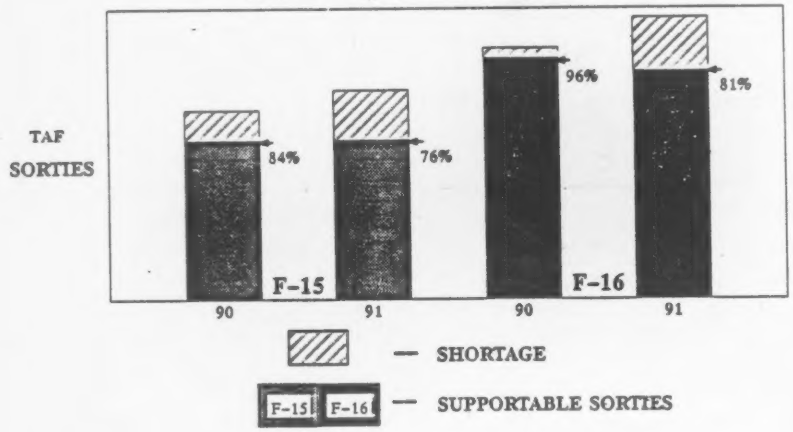


Supplies and Equipment

The significant difference in on-hand percentages between this year and last year's figures in the supplies and equipment column of the chart does not reflect actual growth of the totality of stocks on-hand. Rather, the chart now reflects more accurate reporting and some changes in requirements. It is projected that the FY88 overall growth of on-hand stocks of supplies and equipment will be less than 2 percent. The low stockage levels of War Reserve Materiel (WRM) for USCENTCOM's Army component continues to be the area of most serious concern. The FY 89 President's Budget requests $134 million and provides for an increase of 3 days of supply for Army WRM. Current and anticipated resources for sustainment will only achieve one-third of the Army requirement. Funding levels of Air Force WRSK are inadequate to support required F-15 and F-16 sorties. The chart depicts the projected sortie shortfall in the FY 90-91 delivery period for currently funded WRSK. Stockage levels in the Navy and Marine Corps continue to be maintained at relatively high levels.

WRSK IMPACT

SORTIE REQUIREMENT vs SUPPORTABLE



POL

As the charts indicate, there has been slight improvement in total POL posture over the last year. Although there was no FY87 funding authority for petroleum war reserves, on hand stocks increased to 38 percent of the requirement as the result of the reallocation between unified commands. While total stocks owned by USCENTCOM did not change significantly, stocks in the right place did increase by almost 300 percent as DFSC was able to move 1.5 million barrels of JP5 into the Gulf. The overall POL shortfall, however, is still a major problem in sustaining combat forces. DOD is unable to support FY89 POL requirements and requests no funding for FY89 in the President's Budget.

Munitions

Although munitions sustainability has shown some improvement over the last year, the posture, especially for Level-of-Effort (LOE) munitions, continues to be a genuine concern. In FY87 on-hand stocks of LOE munitions improved by only 1 percent. These shortfalls are primarily in the modernized direct-fire and artillery munitions, in support of ground forces. In the area of threat-oriented (TO) munitions, the on-hand posture stands at 59 percent of the requirement. The difference over last year results from a re-evaluation of the threat and the effectiveness of rounds. USCENTCOM has not really had a significant growth in the amount of stocks on hand. Major concern with TO munitions continues to be shortages of air-to-air missiles. Overall, USCENTAF has only 40 percent of its requirement for medium range air-to-air radar missiles. There is no logistics fix for these problem areas short of procuring the needed stocks. The FY89 President's Budget requests $2 billion and will provide our Army component with approximately 2 additional days of supply of LOE munitions. It also provides $1.2 million in improvements to our Air Force allocation of air-to-air missiles, HARM and our initial allocation of AMRAAM.

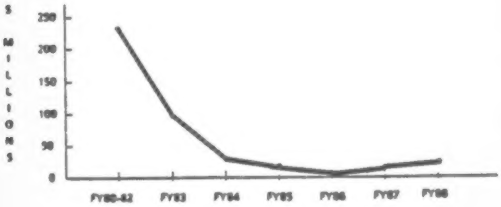
MILCON

The great distances between the United States and Southwest Asia, and the limited amount of strategic lift available, dictate extensive use of pre-positioning to provide the capability to insert and sustain a credible force into the theater in a timely fashion. The harsh environment requires special protection and maintenance for pre-positioned equipment. Past military construction (MILCON) programs have provided about $1.1 billion for facilities required in USCENTCOM's operational area and en route support locations. However, an infrastructure shortfall still exists. These facilities are needed for pre-positioning, en route support, logistic support, and staging for USCENTCOM OPLANS.

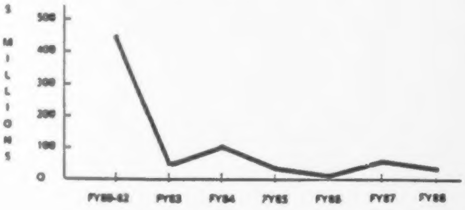
Past Milcon

The following charts show past MILCON provided for theater and en route support countries. Compared to MILCON programs of the early eighties, MILCON for theater countries during the FY85 thru FY87 period was drastically reduced.

MILCON
THEATER COUNTRIES



MILCON
EN ROUTE SUPPORT
COUNTRIES



USCENTCOM COUNTRY SPECIFIC MILCON
(in millions)

THEATER

COUNTRIES	FY80-82	FY83	FY84	FY85	FY86	FY87	FY88
OMAN	$164.7	$60.4	$28.6	$2.3	$0.0	$0.0*	$14.3
SOMALIA	$ 24.4	$30.0	$ 0.0	$0.0	$0.0	$0.0	$ 0.0
KENYA	$ 49.6	$ 8.3	$ 0.0	$0.0	$0.0	$0.0	$ 0.0
BAHRAIN	$ 0.0	$ 0.0	$ 0.0	$0.0	$0.0	$2.6	$ 0.0
SUBTOTAL	$238.7	$98.7	$28.6	$2.3	$0.0	$2.6	$14.3
EN ROUTE							
COUNTRIES							
MOROCCO	$ 0.0	$ 0.0	$25.0	$ 5.05	$3.1	$25.4	$ 0.0
LAJES	$ 66.6	$ 0.0	$ 0.0	$ 0.0	$0.0	$ 0.0	$ 0.0
DIEGO GARCIA	$377.1	$57.9	$72.8	$15.3	$5.3	$ 0.0	$14.5
SUBTOTAL	$443.7	$57.9	$97.8	$20.35	$8.4	$25.4	$14.5
TOTAL	$682.4	$156.6	$126.4	$22.65	$8.4	$28.0	$28.8

* $7.0 million was obtained through emergency construction.

FY88 Legislation

The FY88 legislation was most supportive of USCENTCOM's military construction program.

- Ten theater projects totalling $14.3 million were approved.
- Two en route location projects totalling $14.5 million were approved.

However,the most significant part of the FY88 legislation was the authorization by Congress for the Services to program for essential construction prior to final host nation approval of specific locations. The FY88 legislation has provided the flexibility required to allow the planning and programming process to proceed while sensitive and often lengthy government to government agreements are finalized.

Future MILCON

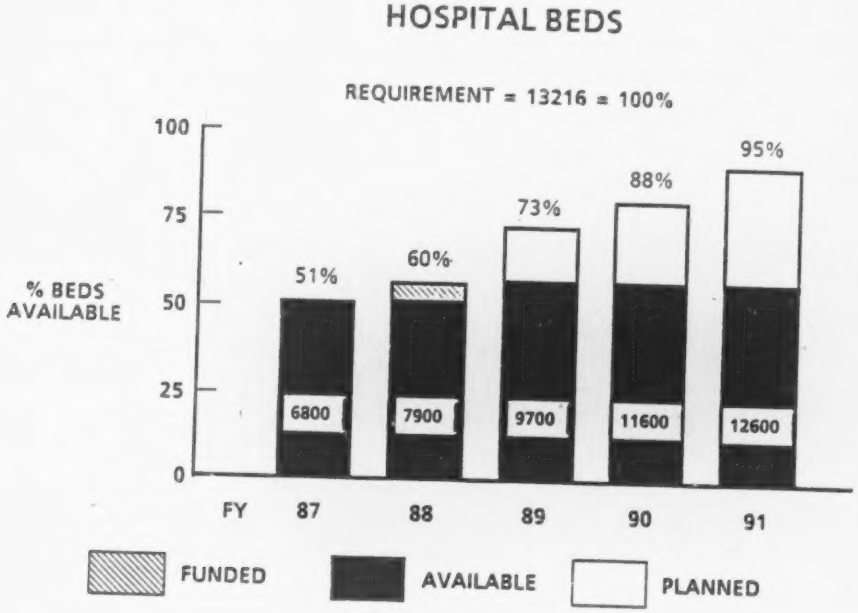
The FY89 President's Budget requests $31.9M to fund two projects: an Intermediate Staging Facility (ISF) and a theater war reserve facility (TR2).

- The ISF facility will allow the US Army to stage troops and equipment in preparation for air-drop or air-land in the combat zone.
- The TR2 facility permits the US Army to pre-position supplies and selected equipment in support of a deployed Army division.

The TR2 project is planned for the Horn of Africa. It will be one of the U.S. Army's first projects in the USCENTCOM theater and will require USAF follow-on support projects which are planned for FY90 and FY91. The host nation, which received a significant reduction in security assistance funds in FY87 and FY88, has approved the TR2 and follow-on projects and is being very cooperative. All means of obtaining the necessary follow-on projects, including service contracting and build-to-lease, are being examined to reduce our requirement for MILCON.

MEDICAL

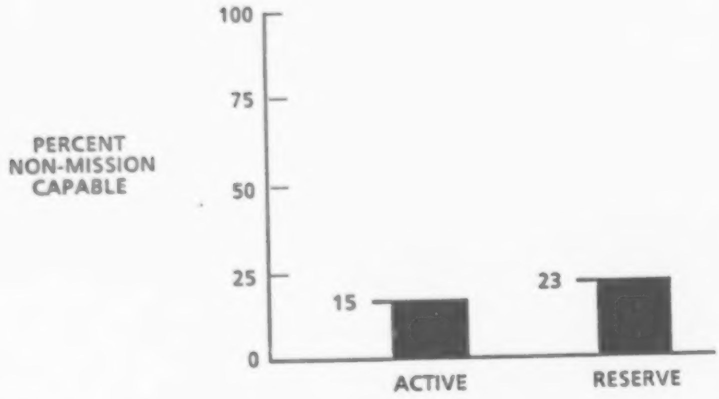
Medical support is a key factor in the sustainability of combat forces, and is measured using the number of hospital beds available in-theater as the yardstick. Currently, 54 percent of total beds required are available for deliberate planning. The program was adequately funded in FY 88 and FY 89 but continued support is required in the years to come to satisfy the requirement for hospital beds designated for Southwest Asia shown in the chart below.



Medical Readiness

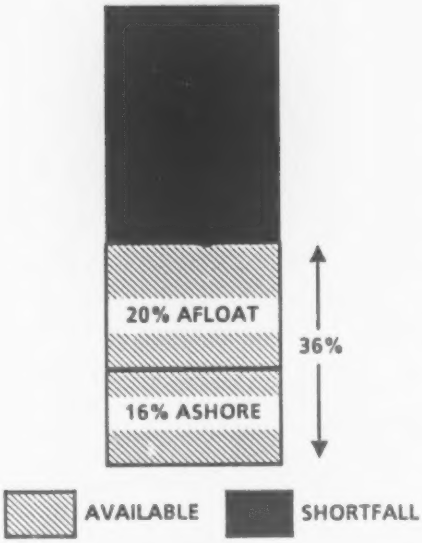
Medical units available for deployment are not complete. Eighteen percent of the Armys active component and thirty three percent of its reserve component medical units are non-mission capable for personnel as shown in the chart below. The Air Force is reporting a similar situation; its pre-positioned assemblages lack tentage, vehicles and dated and deteriorative items. The Navy's rapidly deployable medical facilities (RDMF) (1000 beds) and one hospital ship (1000 beds) which is maintained in a reduced operational status together meet only 2/3 of the total bed requirements to support USN and USMC forces. The RDMF, presently in the Indian Ocean aboard a pre-positioning ship, is scheduled to go into storage in Japan and be replaced in the spring of 1988 with one 500 bed combat zone fleet hospital. This will result in a net gain of only 500 pre-positioned beds partially off setting shortfall.

ARMY MEDICAL READINESS
(PERSONNEL)



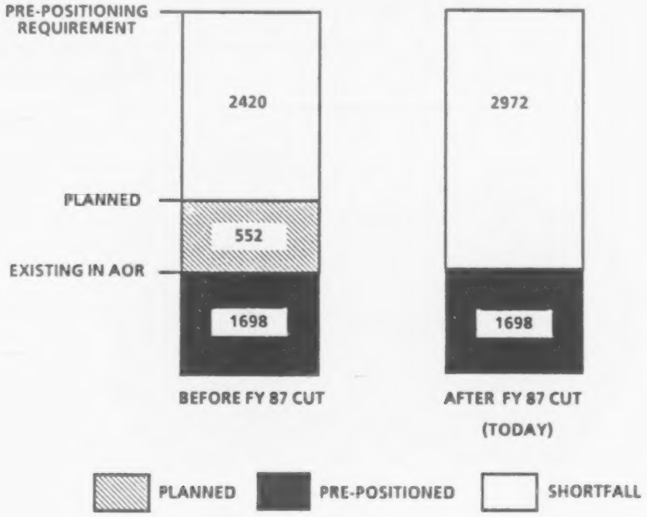
Pre-positioning

Pre-positioning of medical equipment and supplies is essential to our ability to provide adequate medical support to deployed forces during the early phases of OPLAN execution when competition for airlift is keen. Today, only 36 percent of USCENTCOM's required pre-positioned beds are actually pre-positioned. This has been due to limited access for pre-positioning as well as limited availability of hospital unit sets ready to be pre-positioned.


BED
PRE-POSITIONING REQUIREMENT

Recent progress toward gaining access may provide new opportunities to meet our requirements, but limited asset availability due to funding shortfalls in FY 87 may prevent taking advantage of opportunities which arise. The Congressional decision to zero Air Force War Reserve Material (WRM) funds in FY 87 delayed the procurement of material required to complete equipment sets for 552 beds, delaying pre-positioning by at least one year as shown in the chart below. FY 88 AF medical WRM was funded at $2.4M, 70 percent of their budget request, which will translate to 350 beds of the 552 becoming available for pre-positioning this year. Additionally, DOD has requested $2.7M in the FY89 President's Budget which will provide an AF 250 bed contingency hospital. Continuing support is necessary if the USCENTCOM medical pre-positioning program is to continue to be successful.

FY 87 BUDGET REDUCTION



Medical Airlift

Strategic aeromedical evacuation is the only effective means of moving casualties to medical facilities in EUCOM or CONUS when in-theater medical capability is exceeded. Today, this is done by reconfiguring returning C-141 aircraft to carry patients instead of high priority retrograde cargo. Standard casualty rates predict a need for 11 C-141 aeromedical evacuation missions per day during peak requirement periods. The added capability provided by the Civilian Reserve Air Fleet (CRAF) is essential to ensure that we have both adequate AIREVAC and retrograde cargo capability.

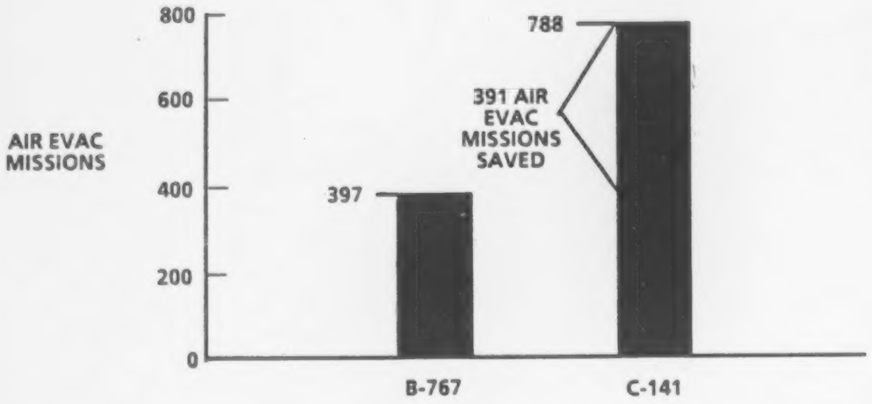
Civilian Reserve Air Fleet (CRAF) Program

The aeromedical segment of the Air Force CRAF program is designed to relieve this competition for resources by providing the capability to convert Boeing 767s to dedicated strategic aeromedical evacuation aircraft. Continued support for this program across the FYDP will uncouple the AIREVAC mission from the C-141 fleet, allowing the C-141s to concentrate on retrograde material movement. Major components of the AIREVAC conversion kits are:

a. Litter stanchions
b. Patient oxygen systems
c. Nurse's stations

This program will also provide a more responsive aeromedical evacuation system. The chart below portrays number of missions per day by aircraft type required to move casualties. It demonstrates that in addition to freeing up the C-141s for their primary mission, fewer aeromedical evacuation missions will be required because of the increased capability of the modified CRAF Boeing 767s.

PATIENT LOAD TO C + 120 **



** NOTIONAL CONFLICT AT STANDARD CASUALTY GENERATION RATES

Casualty Support

Arrangements have been made with the GCC States to provide hospitalization if needed for U.S. casualties incurred during current operations in the Persian Gulf. It seems reasonable to assume that this support will also be available in wartime. The additional beds would allow us to retain more of our casualties in-theater to be returned to duty, thus providing combat-seasoned, acclimatized troops rather than green replacements.

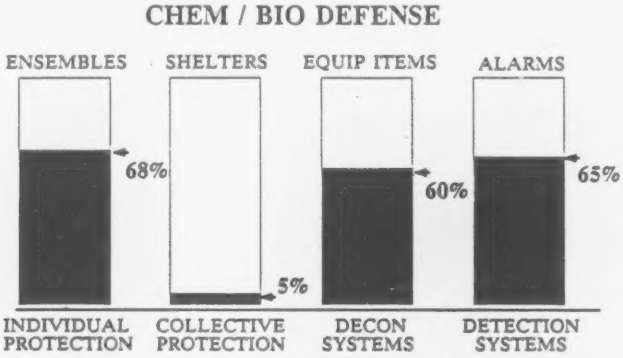
Blood. Improvements in relations with nations in the CENTCOM

AOR are further illustrated by recent agreements with one AOR country to store frozen blood and the equipment and materiel for a frozen blood depot, and with another country to store equipment sets for hospitalization units.

CHEMICAL WARFARE AND BIOLOGICAL DEFENSE

To deter Chemical Warfare the National Policy dictates a two fold approach. First is biological and chemical defense. Second, because defense alone will not deter enemy use of chemical weapons, we must also possess a modernized chemical retaliatory capability.

As reflected below, USCENTCOM forces are short necessary protective and warning equipment required to reduce chemical warfare casualties. All the Services have identified programs to enhance capability to fight in a contaminated environment. Congress appropriated $337.0M of $355.9M requested in FY88 to support these programs and DOD requested $282.0M in the FY89 President's Budget, to continue the programs. We need continued strong support for all chemical and biological defense programs.



Second and equally important is chemical retaliation. The current chemical munitions are old and are not sufficiently capable of effectively engaging the enemy throughout all dimensions of the battlefield. The safer binary chemical munitions coming into the inventory will enhance our ability to attack targets throughout the entire spectrum of a conflict. Congress appropriated $59.3M of the $59.3M requested in FY88 to support the 155m Binary Projectile program. DOD has requested $99.5M for the BIGEYE Bomb and $66M for 155m Binary Projectile programs in the FY89 President's Budget. Continued emphasis on the binary chemical weapons program is needed to maintain an adequate chemical retaliatory capability until a credible chemical weapons ban can be accomplished.

COMMAND AND CONTROL

Theater Command and Control (C^2) remains USCENTCOM's highest priority warfighting requirement. During 1987, Command and Control, and the communications upon which it depends, met the challenge; and the 1988 program will further refine our Command and Control posture. The continuing deployment of the Defense Communications System - Central Area (DCS-CA), fielding of STU-III's, and upgrade of automation programs all point toward more responsive and reliable C^3 in Southwest Asia.

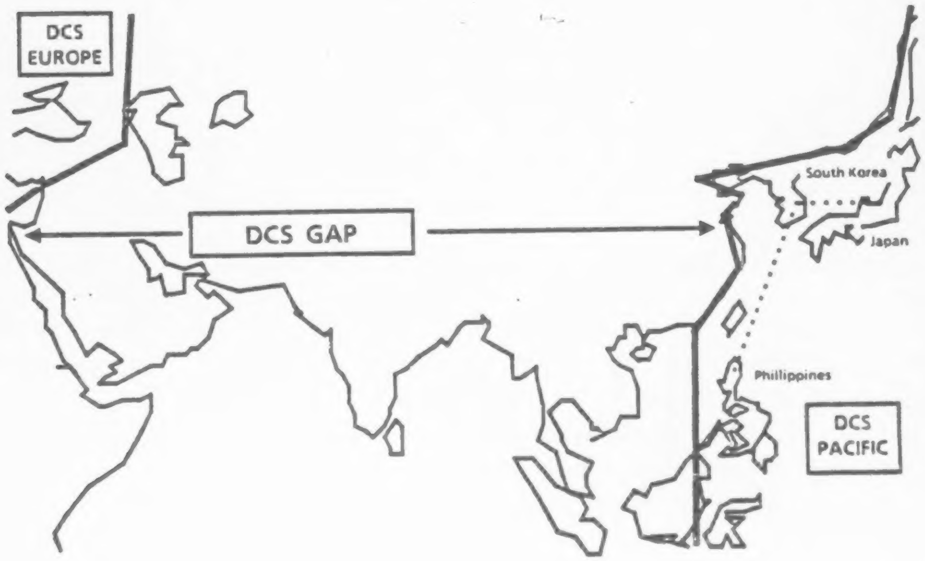
Defense Communications System - Central Area (DCS-CA)

The DCS-CA program is the key to providing a robust and survivable theater communications capability. The program remains on schedule and has met key milestones in FY 87.

Requirement

As USCENTCOM expanded operations in the Persian Gulf area, effective command and control was severely hampered by the lack of timely communications between the command's headquarters in Florida and forces in the Middle East. The Defense Communications System (DCS) provides Department of Defense agencies with world-wide communications linking overseas and CONUS. However, USCENTCOM's area is uniquely devoid of this C^3 infrastructure. The present DCS effectively stops at Turkey in the West and at the Philippine Islands in the East. USCENTCOM, therefore, was left without adequate, U.S. communications to, and within, its Southwest Asia Area of Responsibility.

The limited commercial communications available in the area were inadequate to support Security Assistance Office (SAO) operations, much less the greatly expanded administrative, logistics, and intelligence requirements generated by area operations. The politically sensitive nature of the escort missions, as well as the requirement for close coordination with regional friendly states, made timely and reliable communications essential. To provide this vitally needed capability, the DCS was extended into the Central Area.



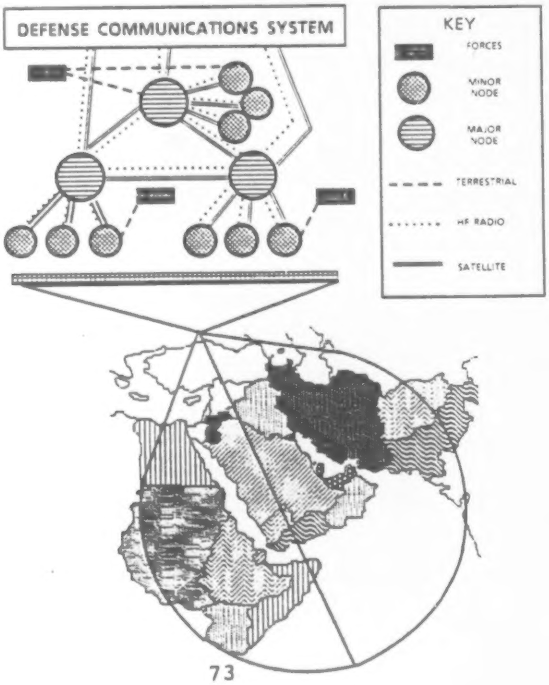
DCS-CA GAP

DCS
EUROPE
DCS GAP
South Korea
Japan
Phillippines
DCS
PACIFIC

Concept

The dynamics of the Southwest Asia area necessitated a deviation from the classic, fixed-station nature of the DCS which normally includes extensive, highly engineered systems. Our requirements stress rapid insertion and relocation of assets to meet changing contingency needs. Designed to be a robust, survivable, theater-wide communications capability, the DCS-CA will eventually consist of three major and nine minor communications nodes. When fully fielded, this system will enable all US forces within the area of responsibility to be tied to the Defense Communications System, giving them access to critical voice and data circuits throughout the world, and specifically to USCENTCOM Headquarters and the NCA.

DCS - CA CONCEPT


DEFENSE COMMUNICATIONS SYSTEM
KEY
FORCES
MINOR NODE
MAJOR NODE
TERRESTRIAL
HF RADIO
SATELLITE

Fielding

The actual deployment of DCS-CA Assets -- as they become available -- will follow detailed implementation plans. These plans take advantage of installation and pre-positioning agreements negotiated with the region's host nations. The plans provide for phased introduction of mobile equipment into the theater which can be moved or withdrawn depending on needs and access agreements.

- **Operational Site.** Ideally, USCENTCOM would prefer to have the equipment in-theater and operational at preferred locations for immediate support of current and contingency opeerations. This would provide communications assets necessary to respond rapidly to crisis actions, and support on-going peacetime activities. An operational element would be tailored with the amount of manpower and equipment that is politicallyacceptable to a host nation.

- **Positioning at Preferred Locations.** Our first alternative to an operational site would be positioning equipment at preferred locations within a specific country in warm storage. This means equipment would require scheduled periodic operational checks by U.S. personnel to ensure equipment is maintained in a deployable condition. This option conserves critical strategic airlift.

- **Pre-positioning at Locations in the Theater.** The next alternative is siting equipment within the theater at other than preferred locations. The equipment could be moved by road or tactical airlift to the preferred location for employment. The only difference between this and the first alternative is the equipment location.

- **CONUS Basing.** CONUS basing is the final siting alternative. Although not providing the savings of strategic lift, nor the responsiveness of available in-theater communications encompassed in the other alternatives, this option provides system integrity while formal access negotiations are underway. This option also provides the training vehicle for committed active and reserve units that would support USCENTCOM in wartime.

- **Combinations.** In reality, peacetime positioning of DCS-CA assets will be a combination of the above. This will provide a training base for our assigned military communications units, forward deployment in the AOR to conserve strategic lift, the required operational network in support of daily activities, and maximum flexibility for any force deployment/contingency.

Accomplishments

Although the first major node was not scheduled for full Initial Operational Capability (IOC) until September 1987, the initial elements were placed in the Persian Gulf area starting in June 1987 to support the extensive force build-up. This capability provided connectivity between CONUS and the deployed forces, and was key to meeting expanding mission requirements. As additional equipment becomes available, it will be used to support our operational needs and continue building the DCS-CA network. The President's Budget provides $11.5M for the Army and Air Force fielding of the DCS-CA nodes. The FY89 President's Budget reflects a $10M decrement to the requested funding. However, the Army has diverted resources from other programs to offset this decrement.

Tactical Command and Control

The need to provide reliable, timely command and control from USCENTCOM Headquarters in Florida to the subordinate commanders in the Persian Gulf drove an explosion in the fielding of new communications and ADP systems. Prior to this mission, command and control systems were virtually non-existent to and within the Persian Gulf region.

Tactical Satellite

Reliable, secure communications between USCENTCOM Headquarters at MacDill AFB, Florida and the commander of the Joint Task Force--Middle East became the key ingredient necessary to support initial day-to-day operations. To meet this need, equipment was provided from every available source. Much of the equipment was provided through CINC Command and Control Initiative Funds and included special satellite antennas for command ships as well as satellite radio equipment needed to relay commands over the 7,000 miles between USCENTCOM and the theater of operations. Some systems, such as command links, had never before been deployed in a continuous relay operational mode. During initial operations, a host of lightweight, transportable satellite and radio equipments from the Services were successfully deployed to meet minimum essential requirements.

Joint Interoperability

Successful deployment of tactical satellite nets, and DCS communications systems are noteworthy achievements. However, the primary success story, demonstrated time and time-again in the Persian Gulf build-up, was joint C^3 interoperability, and the ability of the Services to work together to provide effective end-to-end C^3 systems.

- **Deployed WWMCCS.** When a WWMCCS data capability was provided, the circuit was engineered by the Defense Communications Agency; equipment was provided by Headquarters USCENTCOM; Air Force and Army teams provided circuit linkage; Army-supplied MODEMS allowed termination of the circuits; the system was installed in Navy facilities and ships; training was provided by joint service and Air Force training teams; and the equipment was operated and maintained by Navy personnel. It was only because of past Congressional and DOD emphasis on interoperability, and strong funding for interoperability programs that such an achievement was possible. This was not an isolated event; but, typical of the Joint Service role in the USCENTCOM area.

- **Mine Clearing Operations.** In response to the mine threat further expansion of C^3 became necessary to support mine clearing forces. This included establishing reliable communications between airborne surveillance assets in the region and the support facilities for Naval counter-mine vessels. The equipment for this mission was assembled from the assets of each of the Services and linked by Service technicians into a viable and responsive communications network.

- **Protected Ship Communications.** To protect sensitive ship movements while underway, protected communications between Navy ships and escorted tankers was required. To accomplish this, off-the-shelf, commercial, protected radios were provided for tanker-to-Navy ship communications. Both security and interoperability problems were resolved by this innovative, low-cost solution. Indeed, innovation became the order of the day.

As the changing operational needs identified new challenges, the skilled technicians and imaginative leaders of each of our assigned Service forces developed unique solutions in near real-time. The readiness and ability of our Service personnel once again highlighted the correctness of maintaining a strong force made up of well-trained and motivated personnel.

- **Combined Interoperability.** Our Persian Gulf activities are closely related to friendly, regional states, and therefore, interoperability was not limited to U.S. Forces. A number of secure voice circuits have been established between U.S. and friendly forces for immediate threat warning and measured, combined responses.

Throughout the operation, Joint cooperation extended to every level of communications and automated data processing (ADP) operations, intelligence, logistics, and administration.

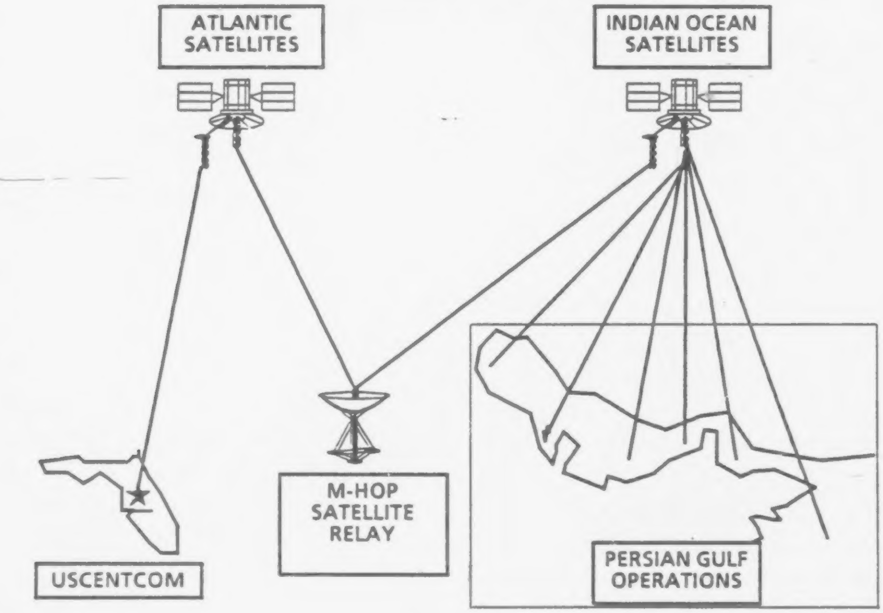
Automation

Last year, the command started to develop an automated command and control information system. The goal was to acquire a system which would provide real-time battlefield situational display capability. Since that time, USCENTCOM tested a limited version of the system in Egypt during the Bright Star '87 Exercise where operating concepts and system performance in a deployed mode were validated. Today, the system is being employed to provide timely and meaningful intelligence and operations information. This year, with continued funding support, the command will increase its staff's access and automate the interfaces between this and other automated systems in the headquarters.

WWMCCS Command and Control

Automation improvements have not been limited to the USCENTCOM Headquarters. After the satellite and radio nets were activated and the DCS-CA initial transmission systems were installed, high speed message capabilities and the World Wide Military Command and Control System (WWMCCS) were deployed. The distance from USCENTCOM headquarters to the Persian Gulf and the satellite positions prevented a direct ground-satellite-ground transmission path. Therefore, an "M-Hop" ground relay system was employed to provide the required connectivity. This capability is currently installed, operational, and in constant use both ashore and aboard all command ships as depicted on the following chart.

ESCORT OPERATIONS C3
(COMMAND CONTROL AND COMMUNICATIONS)


ATLANTIC SATELLITES
INDIAN OCEAN SATELLITES
M-HOP SATELLITE RELAY
USCENTCOM
PERSIAN GULF OPERATIONS

Although the WWMCCS was never envisioned for such environments, its success in a command and control role was immediate. Extension of the WWMCCS capability has provided a secure, time-sensitive means for exploiting perishable command and control data and it has proven invaluable to our escort operations in the Persian Gulf. We look forward to future improvements in WWMCCS such as the WWMCCS Information System (WIS).

Deployed Data Systems

Microcomputer equipment has been provided to the Middle East Force (MEF), the logistics support facility at ASU Bahrain, and the U.S. Military Training Mission, Saudi Arabia. Further, a system of small computers has been procured to provide USCENTCOM representatives at Security Assistance Offices (SAOs) throughoutthe region with an automated planning and programming capability.

Secure Communications

A prime requirement of all operations is the need to protect sensitive and classified data. Previous Congressional support of USCENTCOM's need for secure communications has produced solutions to long-standing, DOD-wide problems.

Secure Telephone Units

The USCENTCOM staff has made extensive use of the Secure Telephone Units - STU-IIs, and has installed them at CENTCOM Headquarters and at several Persian Gulf locations. Fielding of the next generation of secure telephones - the STU-III - began in January 1988. As these instruments become available, all elements in CONUS and the central region will have the required access to secure communications. The STU-III represents a quantum leap in communications security for all USCENTCOM elements, as well as the DOD in general.

Security Assistance Offices (SAO) Communications

The USCENTCOM representatives at SAOs throughout the area are an essential component of the command's mission to assist area countries with their security needs. Improved communications equipment has been provided to SAO's in support of both day-to-day and contingency operations. New land mobile radio systems will offer the SAO's an improved capability to communicate within their host nations. Additional tactical satellite equipment has been procured for the SAO's, and provides enhanced connectivity to USCENTCOM headquarters. STU-IIs, STU-IIIs secure telephones, off-line cryptographic devices -- the KL-43 -- will provide secure communications over virtually any available means. Equipment to pass secure facsimile data was also installed between HQ USCENTCOM and one of our largest Security Assistance Offices. This past year has seen a broad spectrum of significant improvement in direct support of the important Security Assistance Program.

CINC'S C2 Initiative Funds

The relatively small amount of CINC Initiative Funds ($1.7M out of the $13.0M appropriated to OSD in FY88) provide a means to rapidly obtain equipment to satisfy immediate, critical, command and control requirements. Without these funds, USCENTCOM would be unable to quickly satisfy short-term command and control requirements. USCENTCOM CINC Initiative Funds have been put to exceptionally productive use. As mentioned earlier, tactical satellite radios and antennas were purchased in support of escort operations. These funds were also used to purchase additional secure telephones, a radio communications trunking system in the AOR, and several vitally important C2 items for service component commands. Congressional support of the $18M requested in the FY89 President's Budget is essential for the successful execution of future operations.

Future Requirements

Command and Control communications are still largely dependent upon vulnerable satellite and terrestrial transmission media. The goal is to have the systems evolve into a robust network through fielding of more survivable systems which will operate and provide the required connectivity in a stressed environment. Long-term programs such as Milstar, Meteor Burst, use of fiber optics, and survivable high frequency radio systems are essential to establish the network required, not only by USCENTCOM, but U.S. forces worldwide. Continued success is dependent upon the sustained level of support that Central Command in the past has enjoyed from Congress.

SIMULATION

The command has just started to tap the potential of simulation to solve some very real and complex planning and training problems. In this age of staff and budget reductions, ways must be found to work smarter and more efficiently. Computer automated simulations to support planning and exercises offer a way to do that. USCENTCOM made giant strides in simulation and war gaming this past year. The 18.9M in the FY89 President's Budget represents a modest increase over the $17.5M appropriated in FY88. Continued Congressional support for this effort is essential to developing a strong and vigorous simulation program.

Planning

In 1987, USCENTCOM was the first unified command to use extensively the capabilities of computer simulations to support the development of a new theater campaign plan. During this effort, over 15 computer simulations were conducted to test various stratagems and force employment concepts to develop a viable strategy and concept of operations for USCENTCOM's area of responsibility. This would have been completely impractical without simulation.

Exercises

Exercises offer a highly lucrative place to reduce costs through computer simulation, which USCENTCOM intends to vigorously pursue. Efforts are underway that will reduce the manpower requirements to support USCENTCOM's CPX, GALLANT KNIGHT 1988 by over 2500 personnel by using a computer simulation called the Joint Exercise Support System (JESS). Instead of using the old labor intensive grease board battlefield maps and the roll of the dice to determine conflict outcomes to control the exercise, JESS will provide automated graphic battlefield displays and computer generated results of conflict resolution for control use.

- **Staff Training System.** The high costs of large-scale CPX's and field training exercises, such as GALLANT KNIGHT and GALLANT EAGLE, limit their occurrence to once every two years and then for only 5 to 6 days. USCENTCOM is investigating the use of a distributed computer simulation system to augment these exercises, yet avoid the large expenses involved with deploying to remote locations.

- **Exercise Control.** In the area of simulation to support large-scale exercises, the command is currently limited to a corps level exercise because of modeling constraints. This means that USCENTCOM's total force cannot be exercised at one time. This is a limitation that needs to be corrected in future versions of JESS.

Software Development Improvements

The command has developed, on it's own initiative, several software programs to improve USCENTCOM's ability to respond faster to critical JCS operational tasking. Response time is geared to data base preparation time and for the most part, this has been a completely manual, labor intensive undertaking requiring weeks to months, sometimes years of effort. To cope with this problem, three initiatives were taken which will drastically reduce data base preparation time.

Terrain Graphics

A program has been developed that automates the use of the unique terrain graphics representation of one model to assist with the terrain data base development of another model. This program has reduced the time required to build a terrain data base from weeks to literally hours.

WWMCCS Interface

A program has been developed that provides an automated interface between Worldwide Military Command and Control System (WWMCCS) and selected computer models for course of action analysis. This program permits the accurate and consistent transfer of unit data from WWMCCS and can accomplish in minutes with a few keystrokes at a computer terminal what used to take up to months of manual effort. This WWMCCS to model interface, will eventually give an automated capability to develop the war fighting force employment concept using computer simulations and analysis and then feed the results into WWMCCS for deployment planning.

Master Data Base System

This initiative by USCENTCCM is the real key to the data base problem. This system centers around a force configuration subsystem which will permit an analyst to enter the units he intends to model, the name of the model, and then at the push of a button a common data base will supply the selected model with essentially all the data elements needed to run the simulation. This is not a trival undertaking, but the payoff will be a near realtime simulation capability.

Software Program Enhancements

The prototype models in use are first generation for theater-level simulations. Many improvements are required to make the models more responsive and capable of handling all mission functions accurately. Additional models are required to address the full spectrum of planning activities.

INTELLIGENCE

Overall Posture

During the past year, USCENTCOM coordinated a substantial expansion in intelligence to operating forces in the Persian Gulf. This outstanding support would not have been possible without high priority attention given by national agencies and exceptional responsiveness and cooperation provided by several Service intelligence activities and supporting Unified Commands. The experience gained in supporting the escort operations with real time indications and warning, operationally pertinent intelligence assessments, highly focused estimates, and detailed targeting has taken us a long way toward fielding a joint intelligence structure capable of supporting the command's peacetime, deterrence and warfighting missions.

Theater Intelligence Architecture

The capabilities and procedures implemented for intelligence operations in the Persian Gulf validated the concepts in the USCENTCOM Theater Intelligence Architecture Plan (TIAP). The TIAP provides the blueprint for a command-wide intelligence posture for the 1990's. While fully funded by Congress in FY 88, the FY 89 budget provides no funds and will curtail this program. The command is making steady progress toward fielding the deployable intelligence system needed to successfully meet the command's peacetime and wartime missions. A Deployable Intelligence Data Handling System (DIDHS) will be built in FY 88 and fielded for USCENTCOM HQ in FY 89. Congress appropriated $4.1 million in FY 88 GDIP funds for a DIDHS for USCENTCOM's ground force component. The FY 89 President's Budget contains $2.7M to sustain this vital program. In addition, the Air Force is providing $8 million from appropriated Tactical Intelligence and Related Activities (TIARA) funds for the vital intelligence data base and communications capabilities which were not available on the DIDHS prototype.

Collection

The command gained valuable experience in the tasking, deploying and coordination of a worldwide intelligence collection effort to provide round-the-clock, real time intelligence to escort operations. This experience provided insight into better ways to integrate national intelligence collection with tactical intelligence assets. The experience gained from the operation also permitted the command to define with better precision intelligence collection requirements needed for the Theater Campaign Plan.

Processing and Dissemination

An Enhanced Tactical User's Terminal (ETUT) became fully operational at HQ USCENTCOM. It has already proven to be a valuable asset in exploiting electronic intelligence particularly in the Persian Gulf. A portable secondary imagery dissemination capability, acquired in late 1986, was put to a rigorous test during Exercise BRIGHT STAR 87. The command is building upon the successes of this system to achieve a command-wide capability that is responsive to a wide range of contingency requirements. However, the level of funding in the FY 89 President's Budget threatens continuation of this program.

Analysis and Production

1987 witnessed the marshalling of a community-wide analytical effort to produce critical intelligence required for Persian Gulf operations. This program was essentially a "maritime" intelligence preparation of the battlefield focused on areas such as mining, threat platforms, weapons systems, and intentions. The USCENTCOM longer term production effort moved another step toward maturity with the collocation of a small DIA Intelligence Production Element at the command. The fusion of the intelligence produced at USCENTCOM with that from the other unified and specified commands, services, and national agencies, optimized the production and reporting to the operating forces. Indications and Warning timelines were substantially improved and the improved intelligence directly influenced operational decisions. The planned $1.7 million GDIP funded construction of a new wing to the HQ building will be completed in 1989 and will house the command's analytic and imagery exploitation elements.

Deficiencies

Intelligence resources are a significant force multiplier; a fact demonstrated in current Persian Gulf operations. Modest increments in National Foreign Intelligence Program (NFIP), specifically GDIP resources for USCENTCOM, are still necessary to achieve the full capabilities of the intelligence investment already made. These include ancillary imagery exploitation, storage, and dissemination capabilities. The command also plans to convert the prototype IDHS to provide a deployable capability, thus meeting both training and contingency requirements. There remains the requirement to integrate diverse service-acquired and component-fielded systems into a fully capable, command-wide, deployable intelligence system for the 1990's. The blueprint to accomplish this is being developed in the USCENTCOM TIAP.

EXERCISES

Demanding, realistic exercises are an absolute necessity to shake out contingency plans and acclimate our forces to live and fight in the harsh environment of Southwest Asia. USCENTCOM's exercise program is an integral part of the Command's efforts to successfully accomplish its mission and objectives in the area of responsibility. The exercise program provides the best means to effect long term military-to-military relationships at all levels and for all services through the development, planning and executing cycle which in turn, improves the ability of area nations to defend themselves. Exercises provide highly visible means to demonstrate resolve and maintain and improve access to areas of strategic importance to the United States. Exercises also enable the U.S. and host nation forces to test concepts, tactics, techniques and procedures under conditions closely approximating possible contingency situations. The FY89 President's Budget submission of $300.8M, while greater than requested previously ($279.7M), in reality represents a decrease in transportation funds because of higher flight hour costs and inflation. Congressional support to maintain this level is needed to prevent further reductions and ensure the exercise program continues the dramatic advances made during the past year.

Exercise BRIGHT STAR

Overall, BRIGHT STAR 87 was a resounding success. Although USCENTCOM's primary focus was on protecting reflagged tankers, BRIGHT STAR provided the means to project the Command into other parts of our area of responsibility to reassure our friends outside of the Gulf of US support and commitment. This was accomplished through a series of sequential exercises in different Southwest Asian countries with carefully developed objectives designed to demonstrate the ability to deploy and operate in a desert environment and work effectively with foreign counterparts. All participants, both U.S. and host nation, met the challenges of unexpected operational and logistical constraints through the application of innovative ideas, cooperation and just plain hard work. Coupled with Persian Gulf operations, BRIGHT STAR created a positive perception among friends and potential adversaries alike that the US is fully capable of deploying forces rapidly to maintain regional stability and support our allies.

BRIGHT STAR 87 was significantly better than previous iterations. Emphasis was on joint/combined operations closely paralleling possible contingency situations. Force economies were achieved by moving headquarters, combat and support units from country to country over a two month period. For the first time, USCENTCOM tested several command and control configurations, including a Joint Task Force Headquarters, a Forward Headquarters and a full up Unified Headquarters needed to satisfy the potential range of commitments facing us. BRIGHT STAR focused on combined US Army/host nation brigade task force maneuvering, supported by US Air Force, Navy, Marine and host nation tactical air. Major "firsts" included:

- -- Deployment of unique intelligence capabilities;
- -- New command, control and communications systems;
- -- Ground force maneuvers in two countries;
- -- Combined long range reconnaissance missions and raids conducted by Special Operations Forces;
- -- The first deployment of a US Navy Medical Facility since Vietnam.

For the first time, activities in all countries were controlled and coordinated by highly effective combined headquarters.

Logistics realism was a hallmark of BRIGHT STAR. Challenges began during the planning phase when a 15 percent cut in strategic airlift was required as the combined airlift requirements of BRIGHT STAR, REFORGER and other JCS exercises exceeded Military Airlift Command (MAC) programmed exercise flying hours. Using a mix of commercial and military airlift assets, airlift flow was matched to MAC capabilities instead of adhering to rigid departure and arrival dates as had been done in the past. Use of economical sealift was maximized by adding a fourth Military Sealift Command ship to the deployment flow. During the actual deployment, the MV LYRA suffered catastrophic powerplant failure, resulting in a nine day delay. This had a domino effect on activities within and between countries. Basic support equipment and supplies had to be flown in by MAC on short notice. This unfortunate incident turned out to be an exceptional opportunity to test the Command's ability to respond in a crisis. More importantly, the delay enhanced US/host nation cooperation as the combined headquarters in all countries were involved in restructuring operational schedules and identifying and contracting for critical support from host nation military and civilian sources.

SUMMARY

NAME	US Personnel	Host Nation Personnel	Deployment Airlift Missions/$(M)	Sealift Ships/$(M)
BRIGHT STAR	12,700(ashore) 15,000(afloat)	15,375	205/39.954	4/11.218

Special Operations Exercises

These high payoff, low cost activities designed to improve host nation self-defense capabilities are an extremely important aspect of the exercise program. This year, scenarios were developed reflecting more realistic situations where USCENTCOM supported host nation self-defense efforts with minimum US forces. NEUTRAL GROUND 87 was designed to develop and improve basic skills and then employ these skills in effective border security and counter infiltration operations with emphasis on precision execution and economy of effort. ECHO RIDGE 87 commenced with extensive cross-training activities and the establishment of a combined headquarters. The exercise continued with field training events including insertions, reconnaissance, unconventional warfare and direct action missions against hostile attacking forces and associated targets.

SUMMARY

NAME	US Personnel	Host Nation Personnel	Deployment Airlift Missions/$(M)
NEUTRAL GROUND 87	125	250	2/.167
ECHO RIDGE 87	650	700	6/1.087

Mobility Exercises

In other exercises, small US contingents worked with host nation forces in developing concepts, plans and the command and control necessary to rapidly mobilize and move to the battle area in support of regional allies. By increasing the ability of friendly forces to rapidly reinforce each other, regional security can be significantly increased while minimizing US force involvement.

SUMMARY

NAME	US Personnel	Host Nation Personnel	Deployment Airlift Missions/$(M)
IRON COBRA 87	193	900	5/.393
SHADOW HAWK	(included in BRIGHT STAR)		

Exercise GALLANT KNIGHT

GALLANT KNIGHT 88 is a command post exercise focusing on actual warplans while involving subordinate commands in the planning details of deploying, warfighting, and sustaining major US combat forces. In a major change from past iterations, the Joint Exercise Support System (JESS) will be used to automate exercise control saving over 2500 controllers. By providing an extremely realistic, real-time battle situation, JESS will enable USCENTCOM to wring out the Command's theater warplan. Commanders will be able to test various courses of action against an interactive opposition force using real world strategy, tactics and order of battle. The capability of JESS to accurately model logistics information will significantly improve the integration and impact of those important aspects of warfighting over previous manual exercises. Finally, JESS greatly improves post exercise analysis and resultant warplan refinement.

GALLANT KNIGHT

	86 w/o JESS	88 w/JESS
Controllers	4000	1500
Logistical Realism	Little	Extensive
Real Time	No	Yes
Flexibility	Limited	Excellent
Post Exercise Analysis	Tedious	Rapid

Exercise GALLANT EAGLE

GALLANT EAGLE, conducted in the Southwest United States, is a field training exercise which employs USCENTCOM and supporting forces in an environment similar to Southwest Asia at greatly reduced transportation costs. This year, USCENTCOM will combine GALLANT EAGLE and GALLANT KNIGHT. After detailed examination and modeling of various combinations of forces and schemes of maneuver during GALLANT KNIGHT, the intent is to field test key aspects of the Command's developing warplan with emphasis on joint operations and interoperability required for warplan implementation. By conducting these exercises sequentially, actual field maneuvers reinforce the training received and lessons learned during the command post phase. We will also achieve more efficient use of scarce resources over former years when two separate deployments were required. GALLANT EAGLE also provides the opportunity to continue building effective relationships with friendly host nations in the Command's area, by inviting observers and units from appropriate countries to observe or participate.

Title 10 United States Code (USC) Programs

Title 10 USC provides authority to pay expenses of developing countries for participation in combined military exercises.

- -- Section 2010, Participation of Developing Countries in Combined Exercises, enables payment of incremental expenses.
- -- Section 1051, Bilateral or Regional Cooperation Programs, enables payment of personnel expenses.
- -- Chapter 20, Humanitarian and Civic Assistance Provided in Conjunction With Military Operation, enables USCENTCOM to conduct humanitarian and civic assistance activities.

In FY87, USCENTCOM was allocated $370,000 under Title 10 programs. Since Title 10 was initiated in FY87, administrative procedures were under development for all programs throughout the first half of the year. Therefore, funds were all expended under section 2010, as this could be accomplished during the last quarter of the FY. Funds were utilized to partially offset the cost of participation of three countries in USCENTCOM sponsored exercises. Somalia received $80,000 which was used primarily to purchase fuel provided through US sources. Without this funding, the Somalis could not have participated. Egypt received a minimal amount, less than $200, to pay for meals consumed by Egyptians embarked on US ships during a major USCENTCOM exercise. Jordan received the largest share, $290,000, for rations and aircraft/vehicle fuel. This amount barely covered half of their expenses.

This year, USCENTCOM has earmarked $130,000 for Humanitarian/Civic Assistance. An additional $509,000 of Title 10 funds will also be used to enable friendly forces personnel to attend planning meetings, conferences and seminars, and to observe and participate in GALLANT EAGLE as well as other exercises.

TITLE 10 USC

	FY-87	FY-88
Incremental Expenses (Sect 2010)	$370,000	$336,000
Personnel Expenses (Sect 1051)	$0	$173,000
Humanitarian/Civic Assistance (Ch 20)		
Medical Programs	$0	$50,000
Water Resource Development	$0	$80,000

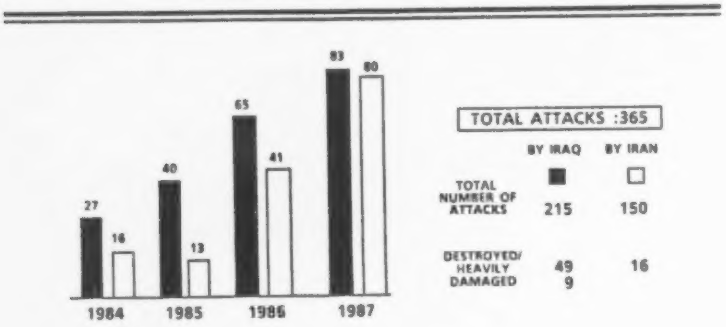
PERSIAN GULF OPERATIONS

Threat to Shipping

In the fall of 1986 a series of events occurred which foreshadowed a significant change in the Persian Gulf for 1987. Evidence became clear in September of 1986 that the Iranians were acquiring Silkworm missiles and that they were going to deploy these weapons in the Strait of Hormuz. As the Silkworm deployment became evident, there was an equally significant change in the organization and nature of the combat forces, as the introduction of the Revolutionary Guard as a threat to shipping in the gulf.

1987 witnessed new heights of violence in the shipping war. As depicted in the graphic below, Iraqi attacks far exceeded 1986's record number while Iran conducted almost twice as many attacks as they did in 1986. Over 60 percent of these attacks occurred in the last four months of the year, after the six week U.N. cease-fire was broken on 29 August. It is interesting to note that despite Iraqi efforts, Iranian oil exports in 1987 were 40 percent higher than they were in 1986.

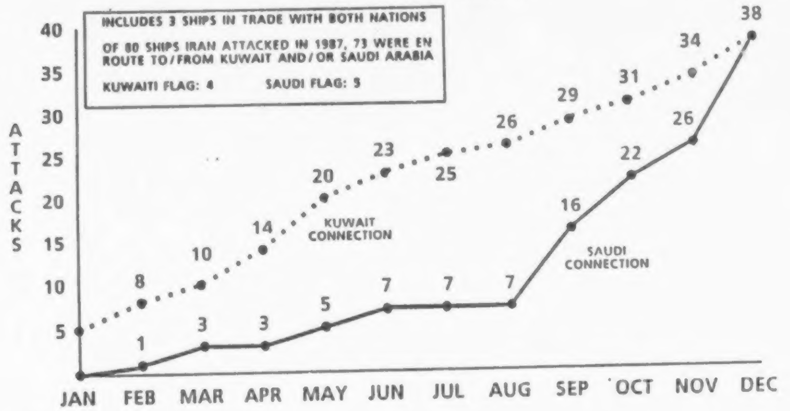
PERSIAN GULF SHIP ATTACKS



During the first half of the year, ships dealing with Kuwait bore the brunt of Iranian attacks. Following the Iranian-instigated riots in Mecca in early August, targets of the Iranian attacks shifted towards ships involved in Saudi trade as indicated in the chart below:

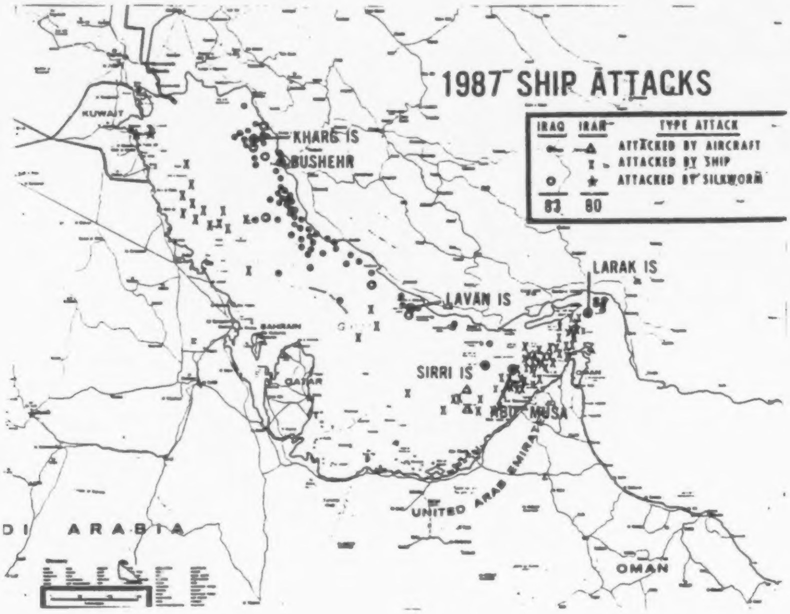
1987 IRANIAN ATTACKS ON KUWAITI AND SAUDI TRADE

(CUMULATIVE TOTALS)



The Iranian Revolutionary Guard Navy also emerged as a new, unpredictable and more daring element during 1987. Whereas most "regular navy" strikes have occurred at night off the UAE coast, the Revolutionary Guard, using high speed patrol craft, ventured further into the Gulf for both day and night attacks.

The Iranians added a new tactic in mid-October when they began employing Silkworm surface to surface missiles against ships inside Kuwaiti waters. The Iranians have also constructed several Silkworm sites which range the Strait of Hormuz but have not employed them as yet. The geographic locations of both Iranian and Iraqi attacks against shipping are depicted in the chart below:


1987 SHIP ATTACKS
IRAQ
IRAN
TYPE ATTACK
ATTACKED BY AIRCRAFT
ATTACKED BY SHIP
ATTACKED BY SILKWORM
83
80
KUWAIT
KHARG IS
BUSHEHR
LAVAN IS
LARAK IS
SIRRI IS
ABU MUSA
BAHRAIN
QATAR
UNITED ARAB EMIRATES
OMAN
DI ARABIA

The Iraqis, for their part, intensified the campaign against oil shuttle tankers calling at Kharg Island. Iraqi Mirage F-1 fighters armed with Exocet missiles conducted most of the attacks. Iraq's long range attacks against the Iranian oil transshipment facility in the Strait of Hormuz in October and again in December clearly demonstrated an ability to project air power deep into the Gulf.

Further complicating the threat picture has been the spate of mining incidents since mid-May 1987. The detection of the "IRAN

AJR" in the act of mining laid to rest the question of whose "invisible hands" were seeding the mines. Despite this incident the Iranians still view mining as a relatively low risk, high yield, deniable means of disrupting international shipping. By year's end, over 80 mines had been detected and neutralized by friendly forces in the Persian Gulf and Gulf of Oman.

During the coming year both Iran and Iraq will likely continue their current rate of ship attacks; Iraq will continue to attack Iranian shuttle tankers transiting between Kharg Island and the Larak transshipment area, while Iran will focus on shipping transiting to and from Kuwait and Saudi Arabia. There is also concern that Iran will introduce new attack platforms and weapons such as the Chaho PTG and the C-801 exocet-type missile, in an attempt to increase the damage it can inflict on international shipping.

Protection of U.S. Shipping

On 29 May 1987 when President Reagan approved a plan to reflag eleven Kuwaiti tankers to US flag vessels, USCINCCENT was assigned its newest and most challenging mission - the protection of US flag vessels transiting the Persian Gulf. This protection plan required additional combatants be assigned to Middle East Force. Additionally, a carrier battle group was stationed in the North Arabian Sea to counter the threat posed by Iranian Silkworm missiles and tactical aircraft near the Strait of Hormuz.

The first escort mission was conducted on 22 July with USN combatants escorting the BRIDGETON and GAS PRINCE from the Gulf of Oman to Kuwait. The transit continued uneventfully through the Strait of Hormuz and the Persian Gulf until the late evening hours on the 24th, when the BRIDGETON struck a mine near an

Iranian island named Farsi in the north central Persian Gulf. The damaged super tanker was able to continue the journey and the escort group arrived at Al Ahamdi, Kuwait, on 25 July. This mining of Persian Gulf shipping lanes, coupled with the mining of the Al Ahamdi channel off Kuwait and Oman in June and August respectively, necessitated increased emphasis on mine countermeasures.

Responding to the mining threat, Mine Countermeasures helicopters were airlifted to Diego Garcia to join with an assault ship to provide a minesweeping capability for protection of US flag ships transiting the Persian Gulf. Two in-theater vessels were modified with mechanical sweep gear to provide escort lead through operations, and minesweeping boats were deployed to counter the mine threat. The minesweeping boats, excellent for port and harbor countermine operations, proved to be unsuited for open gulf operations. As a consequence, the boats were returned to the U.S. in late October and were replaced by Aggressive class oceangoing minesweepers.

Concurrent with the increased mine threat, Iran intensified their campaign against unescorted shipping with small boat attacks. To counter this emerging threat, special purpose helos, River Patrol Boats and MK III Patrol Boats were deployed. An amphibious dock landing ship served as a support ship for these forces. Additionally, mobile sea bases were outfitted and placed in the northern Persian Gulf to monitor major sea lanes and provide a continuous presence along the transit route, thereby making new mining operations and small boat attacks against shipping far more difficult.

A battleship joined the carrier in the North Arabian Sea to augment Naval presence and supplement contingency forces.

Additionally, Special Operations Forces were deployed to give the on-scene commander the flexibility to match response to the threat.

As the threat in the Persian Gulf evolved with the introduction of mines, Silkworm missiles, and small boat attacks, and we gained experience in escort operations, our force structure and operating procedures changed. Initially Command and Control was limited to the small Middle East Force staff and the Carrier Group in the Northern Arabian Sea with responsibility split between USCINCPAC and USCINCCENT. As operations matured it became obvious that a command and control structure was needed to accommodate an intensified level of operational complexity. For these reasons a single headquarters under the direction of United States Central Command - Joint Task Force Middle East - was established in September 1987 to more efficiently plan, coordinate, and direct overall joint operations in the Persian Gulf region. The Commander, Joint Task Force Middle East controls all the U.S. Forces involved with escort operations. These forces include the Carrier Battle Group, Battleship Battle Group, Middle East Forces, Mine Warfare Forces, Air Force Assets, and Army Forces in the Persian Gulf Region.

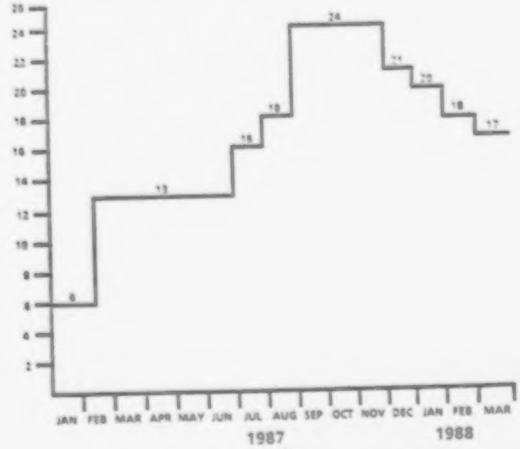
The increase and improvements in force structure, and the establishment of JTFME have contributed to the completion of 38 successful transits escorting 97 ships in and out of the Persian Gulf. Since the Iranians damaged the Bridgeton with a mine in July 1987, U.S. Forces have sunk one of their minelayers, sank a Boghammer (patrol boat), disabled two small boats, and destroyed three military offshore platforms. By all indications it appears that these deterrent actions have thus far been effective in dissuading Iranian action against American flagged shipping.

USCENTCOM has continually pursued economies and efficiencies in the conduct of the shipping protection mission. Force reductions have been effected based on a reassessment of mission requirements and efficient employment of assets. The Missouri Battleship Battlegroup was replaced by the smaller IOWA Battleship Surface Action Group in December 1987; the Midway Carrier Battlegroup was reduced by one fast frigate in January 1988; the IOWA Battleship Surface Action Group, small patrol boats and minesweeping helicopters were redeployed in February; and, the USS Portland returned to CONUS without relief in March 1988. Likewise, the consolidation of the staffs of Commander Middle East Force and Commander Joint Task Force Middle East in February 1988 allowed for further economies while maintaining the full measure of combat effectiveness.

The following chart shows the buildup and decrease of combatant strength in the Persian Gulf/North Arabian Sea.

U.S. COMBATANT STRENGTH :

PERSIAN GULF/NORTH ARABIAN SEA



As the fine tuning of force levels continues, carefully balancing cost versus capability, care must be taken to hedge our bets as to future U.S. involvement. In a theater where the unexpected has become the expected, we can ill afford to become complacent or let our guard down.

Allied and Friendly Forces in Persian Gulf Region

In the fall of 1987 our European Allies began to contribute to the security of merchant traffic transiting the Persian Gulf. The Royal Navy, in concert with the combined Belgium/Netherland task force, conducted mine countermeasures operations in the vicinity of Abu Musa Island in the western Strait of Hormuz and assisted U.S. Forces in the clearing of the minefield laid by the Iranian AJAR northeast of Qatar. The Italian Forces have conducted minesweeping operations along the escort route south of Abu Musa Island and the French Navy minesweeping forces have operated off both UAE coasts including the Fujairah and Khor Fakkan anchorages. This demonstration of international concern and determination to protect national interests continues to be a critical stabilizing element in the current situation.

The six Gulf Cooperation Council nations have also provided support for transit operations and U.S. Forces in the region. Bahrain is providing the most visible support to our efforts by allowing frequent USN port visits and functioning as a transshipment point for forces and logistics enroute for duty in the area. Saudi Arabia has supported our efforts by allowing U.S. Forces access to airfields and ports. Oman has accepted a quantum increase in the use of her airheads and airspace to support our forces. UAE and Qatar also support our mission with USN port visits, ship repairs and refueling.

SECURITY ASSISTANCE OVERVIEW

Security assistance programs provide the means to improve the capabilities of friendly indigenous forces and enhance the regional defense posture. The key to deterrence, or if necessary, military operations in the region, will be the interoperability and sustainability of regional countries and U.S. forces. If we are able to encourage and assist our friends to develop a stabilizing regional influence through a robust individual and collective defense, and provide for the support of U.S. forces through combined planning initiatives, then we will be able to rapidly project and mass U.S. forces at the key points of decision. Such a capability should enable us to deter or counter Soviet moves to achieve geopolitical gains by the threat or use of force. We will also have the capability to counter regional threats resulting from limited, intraregional aggression, e.g., from Iran.

Further, a coalition of strong local forces, capable and confident of operating jointly with the forces of USCENTCOM, can be a significant force multiplier. In terms of USCENTCOM's military needs and objectives, security assistance opens up a military-to-military dialogue and helps ensure military access to facilities critical to the support base we will need for military operations.

As a direct result of funding authorized by Congress up to FY 85, the majority of the countries of the area have become not only more forthcoming in discussing regional defense concerns, but are also building force structures to improve their own fighting capability. Additionally, we have witnessed many improvements in access, pre-positioning and other such support for U.S. forces. Unfortunately, program reductions since 1986 and restrictive arms policies threaten these achievements and cooperative efforts.

The point of emphasis is that the expenditure of time, planning and funds over the long run to develop a coalition warfare capability and concomitant deterrent will be much cheaper than the expense -- in terms of lives, money and risk-taking --of a substantial combat deployment of U.S. forces. One of the ironies of this new funding environment is that not only do the program cuts increase the risk of USCENTCOM being drawn into a regional conflict, but they also decrease the support available to us when we arrive.

Reductions

Prior to 1985, security assistance funding was the backbone of our efforts to improve the defense capabilities and cooperation of regional states. However, by last year, program reductions in security assistance were threatening the progress towards making viable our strategy of "economy of force" to counter this Soviet threat. The funding situation for security assistance is even more bleak this year. The "do more with less" philosophy is well understood in USCENTCOM and is one of our major objectives. However, the adverse effects are significant. While security assistance and coalition preparedness remain the cornerstones of the USCENTCOM strategy, the ability to successfully conduct coalition warfare is becoming increasingly more difficult as support for the regional countries is drastically reduced.

The progress we have made in achieving a measure of military self-sufficiency within regional countries and in fostering regional defense arrangements is now threatened. Further, major capital security assistance investments are jeopardized by a curtailment of basic logistic infrastructure development and a lack of spare parts. The following chart provides funding levels since 1985 and underscores the magnitude of the reductions in the non-earmark countries.

SECURITY ASSISTANCE PROGRAM TRENDS*
($ IN THOUSANDS)

	FY 85	FY 86	FY 87	FY 88	FY 85/88	FY 89
EGYPT	1,175,000	1,244,100 (+5.8%)	1,300,000 (+4.5%)	1,300,000 (0)	+10.6%	1,300,000
PAKISTAN	325,000	311,025 (-4.3%)	312,500 (+.4%)	260,000 (-16.8%)	-20.0%	240,000
DJIBOUTI	2,500	1,914 (-23.4%)	1,200 (-37.3%)	1,000 (-16.7%)	-60.0%	2,000
JORDAN	90,000	81,345 (-9.6%)	39,941 (-50.9%)	26,500 (33.6%)	-70.6%	48,000
KENYA	20,000	19,140 (-4.3%)	10,500 (-45.1%)	5,000 (-52.4%)	-75.0%	13,000
OMAN	40,000	9,140 (-77.1%)	0 (-100%)	0 (0)	-100%	0
SOMALIA	33,000	19,140 (-42.0%)	7,500 (-60.8%)	5,500 (-26.7%)	-83.3%	17,000
SUDAN	45,000	16,140 (-64.1%)	5,000 (-69.0%)	0 (-100%)	-100%	5,000
YEMEN	5,000	1,914 (-61.7%)	1,000 (-47.8%)	1,000 (0)	-80.0%	2,000

* INCLUDES MAP AND FMS CREDITS.

NOTE:

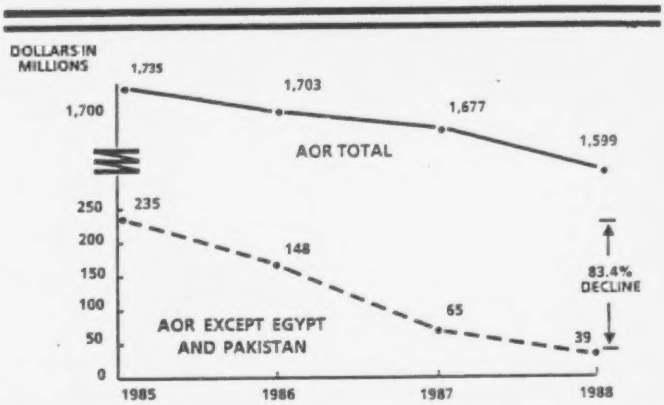
(1) BAHRAIN, KUWAIT, QATAR, SAUDI ARABIA AND THE UAE ARE NOT SHOWN SINCE THEIR PROGRAMS ARE SELF-FUNDED.

(2) ALL PERCENTAGES REFLECT COMPARISONS WITH PRIOR YEAR.

(3) FY 89 DATA REFLECTS REQUESTED PROGRAM LEVELS. REQUEST INCLUDES AN ALL-FORGIVEN FMS CREDIT PROGRAM.

The overall effects of reduced funding, combined with the "earmarking" of Egypt and Pakistan, have had an even more dramatic effect on the remaining countries of the region, as shown on the chart below.

TOTAL FMS CREDITS AND MAP
USCENTCOM AOR



The bottom line is: we must either break the funding levels for those countries which have been earmarked for good and sufficient reasons or, preferably, raise the total of military assistance funding.

Impact of Reduced Security Assistance Funding

While it is too early to predict the political effect of reductions on the region as a whole, we are certainly concerned about possible damage to our credibility as a reliable security partner, to our access initiatives, and to the overall military-to-military relationships. We will be operating in a damage-limiting mode for the foreseeable future, with increasing concern for regional stability as well as Soviet and proxy state attempts to fill the void we may have left. Soviet flexibility and willingness to provide such support has been demonstrated, in that the USSR has provided over ten times as much military assistance to Ethiopia over the past ten years as the U.S. has provided to Ethiopia's four surrounding neighbors (i.e., Kenya, Sudan, Djibouti, and Somalia).

In the Middle East, delivery of Soviet arms to Iraq has followed closely the variations in the tempo of war with Iran. During the years 1981-1986 the Soviets delivered over $10 billion in equipment in support of Iraq. In short, the USSR has successfully demonstrated its ability to rapidly tailor military assistance to meet foreign policy objectives.

Turning away from external factors, let us examine the implications of reduced funding on our security assistance policy objectives and our coalition warfare strategy. From an equipment/materiel standpoint, some of the principal effects of funding reductions are:

- Postponement of force modernization plans.
- Cuts in logistics support for existing systems.
- Cancellation of entire programs.
- Degradation of the readiness status of previously purchased weapons systems.

There is another aspect to consider in the discussion of the impact of funding reductions. While the U.S. funding reductions have seriously hampered the coalition preparedness of the smaller and poorer countries, the reduced contributions of the more affluent countries (e.g., Saudi Arabia and Kuwait) have also had a significant impact. These countries previously assisted the poorer regional countries by providing direct grants. However, because of the world economy -- the oil market in particular --

the grant monies available for equipment and training assistance from the traditionally wealthy countries have been reduced. Funds previously used to assist the less affluent countries (e.g., Jordan, North Yemen, Sudan) have either been withheld by the former donors for internal priorities or diverted to support parochial interests in the Iran-Iraq war. When combined with U.S. funding reductions, the effect has been to slow the coalition preparedness progress and increase the contingency planning requirement for more U.S. capability to support our strategy.

The International Military Education and Training (IMET) Program

The critical nature of the IMET Program continues to grow in importance during these austere funding times, particularly in the less affluent countries (e.g., Sudan and Somalia) of the region. The importance of maintaining an uninterrupted, effective IMET Program cannot be overstated. The IMET Program continues to be an excellent method of bringing foreign military leaders to the U.S. for training, while fostering a rapport and understanding of the U.S., our people, political system and institutions. In many cases, IMET serves as an alternative to reduced FMS Credits and MAP, holding open a limited number of opportunities to develop closer relationships between the U.S. and foreign military leaders. IMET levels had been fairly consistent until FY 88 even though some external factors (e.g., Brooke-Alexander Amendment sanctions, internal country problems) have affected some full utilization. The overall 15% reduction for FY 88 has the potential of degrading this important military people-to-people program. Accordingly, we request your support of this vital undertaking. The following chart shows USCENTCOM's IMET Program trends.

IMET PROGRAM TRENDS
($ IN THOUSANDS)

	FY 85	FY 86	FY 87	FY 88	FY85/88	FY 89
EGYPT	1,675	1,700 (+1.5%)	1,801 (+5.9%)	1,500 (-16.7%)	-10.5	1,650
PAKISTAN	970	942 (-2.9%)	1,150 (+22.1%)	815 (-29.1%)	-16.0	915
DJIBOUTI	126	120 (-4.8%)	162 (+35.0%)	135 (-16.7%)	+7.1	135
JORDAN	1,877	1,785 (-4.9%)	2,000 (+12.0%)	1,750 (-12.5%)	-6.8	1,800
KENYA	1,693	1,538 (-9.1%)	1,054 (-31.5%)	1,200 (+13.9%)	-29.1	1,200
OMAN	155	41 (-73.6%)	39 (-4.9%)	150 (+284.6)	-3.3	150
SOMALIA	1,132	1,106 (-2.3%)	707 (-36.1%)	1,000 (+41.4%)	-11.7	1,100
SUDAN	1,430	893 (-37.6%)	994 (+11.3%)	900 (-9.5%)	-37.1	1,000
YEMEN	1,378	1,167 (-15.3%)	1,417 (+21.4%)	1,000 (-29.4%)	-27.4	1,000

NOTE: (1) BAHRAIN, KUWAIT, QATAR, SAUDI ARABIA AND THE UAE ARE NOT SHOWN SINCE THEIR PROGRAMS ARE SELF-FUNDED.

(2) ALL PERCENTAGES REFLECT COMPARISONS WITH PRIOR YEAR.

(3) FY 85-87 FIGURES ARE FINAL ALLOCATIONS; FY 88 ARE INITIAL ALLOCATIONS.

(4) FY 89 DATA REFLECTS REQUESTED PROGRAM LEVELS.

Conclusion

Our ability to persuade the nations of the region to support our "economy of force" military strategy is directly dependent upon two things:

- The perception that the U.S. is prepared to help confront Soviet aggression in the region.

- U.S. willingness to assist the countries in strengthening their current and future military capabilities in peacetime.

Simply stated, in this era of a fiscally constrained U.S. military strategy, we simply cannot afford to ignore the advantages of a force multiplier effect gained by prudent security assistance investments and arms transfers. Security assistance is a uniquely cost-effective program, without which the "economy of force" element of our overall strategy will suffer.

We strongly urge reexamination of this declining security assistance funding trend with a view toward increasing the amounts and adjusting the imbalances. In this regard, we vigorously encourage the support of Congress for full funding of the very austere 1989 Security Assistance budget proposal.

The following country summaries provide a synopsis of those security assistance programs within the U.S. Central Command area of responsibility.

Security Assistance Country Summaries

Bahrain

Strategically located in the Persian Gulf and at the center of the Arab-controlled petroleum producing zones, Bahrain occupies a position of immense and steadily increasing importance. A contributing member to regional Gulf Cooperation Council (GCC) defense efforts, Bahrain has also been most supportive of our efforts in the Persian Gulf by providing essential ground, air and sea port access for our Middle East Force. Purchase of state-of-the-art U.S. military equipment has improved Bahrain's self-defense capability -- a visible and effective contribution to regional defense efforts to deter adventurism and contain the Iran-Iraq conflict. A maturing security assistance relationship has been a major component to strengthened cooperation.

Security Assistance Program

The security assistance program for Bahrain, as shown on the following chart, is the most rapidly growing program in the Gulf and consists totally of FMS cash and commercial sales. A steady, well-planned expansion is expected for the near term. Bahraini purchase of the U.S. F-16 aircraft, following deliveries of U.S. F-5 aircraft and M60A3 tanks, all through FMS cash sales, will provide the Government of Bahrain a significantly enhanced military capability. The increased interaction with the U.S., our support for their goals, and the future interoperability of our equipment will support our goal of coalition preparedness.

BAHRAIN PROGRAM LEVELS
($ IN THOUSANDS)

	FY 75-86	FY 87	FY 88
FMS CASH SALES:	$339,165	382,718	UNKNOWN

BAHRAIN TRAINING

YEAR	FMS STUDENTS
83	4
84	1
85	6
86	25
87	42

Djibouti

Djibouti's military importance to the U.S. is based on its strategic geographic location and the access it grants to U.S. naval forces. Located at the southern end of the Red Sea and at the western end of the Gulf of Aden, Djibouti dominates the strategic Bab el Mandeb straits which link these two bodies of water and form one of the world's most important sea routes --the route which links the Indian Ocean and the Mediterranean Sea, and through which Persian Gulf oil is carried to Europe and the U.S. U.S. Navy ships and aircraft use Djibouti's relatively-modern port and airfield for refueling, re-provisioning and crew rest. With the increasing U.S. presence in the Indian Ocean and Persian Gulf, Djibouti's excellent facilities have recently become even more important to our operations there.

Security Assistance Program

The primary objective of our security assistance program for Djibouti is to develop in the Djiboutian military a civic action/ construction engineer capability. To support this objective, our security assistance program consists of a Military Assistance Program (MAP) and an International Military Education and Training (IMET) Program. These two programs work in concert to provide equipment, follow-on support, and personnel training. Equipment acquisitions for the engineer company are now mostly complete, and the emphasis has shifted to spare parts support and training. Personnel training consists of both in-CONUS training of Djiboutian military members attending U.S. military courses, and training and assistance in Djibouti provided by U.S. personnel. The U.S. security assistance program for Djibouti is, therefore, oriented toward developing a nation-building capability in the Djiboutian military.

Funding

An engineer company is the centerpiece of our security assistance program for Djibouti. Budget cuts over the last three years have further postponed full activation of the already long-delayed engineer company program. The following chart shows program funding since its beginning in 1982. As a result, Djibouti is still unable to plan and execute the civic action projects originally envisaged, efforts that are extremely important to their military's position as a contributor to the development of this small country. The FY 89 budget request funding level would accommodate minimal program expansion by allowing a more rapid activation of the engineer company.

DJIBOUTI PROGRAM LEVELS
($ IN THOUSANDS)

	FY 82-86	FY 87	FY 88	FY 89
USG GRANT AID				
MAP	7,889	1,200	1,000	2,000*
FMS CREDIT (FORGIVEN)	0	0	0	0*
IMET	458	162	135	135*
GRANT AID TOTAL	8,347	1,362	1,135	2,135*
USG CREDIT	0	0	0	0
FMS CASH SALES	0	0	0	0

* President's budget request only, not allocation.

DJIBOUTI TRAINING

YEAR	IMET STUDENTS	FMS STUDENTS	TOTAL STUDENTS
82	4	0	4
83	7	0	7
84	6	0	6
85	7	0	7
86	8	0	8
87	11	0	11

Egypt

Egypt's commitment to peace and stability in the Middle East continues to make this strategically located nation one of America's most important partners for peace. Egypt is the owner, operator and protector of the critical Suez Canal passageway that facilitates the flexible and rapid deployment of western naval forces between the Mediterranean and the Indian Ocean. A stable, militarily strong Egypt also presents a credible deterrent to further Libyan adventurism. Cairo has historically been one of the key centers of influence in the Arab world, and Egypt's diplomatic reemergence following the November 1987 Arab Summit assures that newly reelected President Mubarak will remain a powerful voice for peace in the region.

Nonetheless, Egypt faces challenges across a broad front caused by population expansion, the need for stringent economic reforms and the ever present threat of Libyan and other radical Arab terrorism. As a result, Egypt is looking more and more to the United States for economic help to meet the internal challenges, and military support to face its external threats. Egypt shares broad, common goals with the U.S., its foremost partner in maintaining regional stability and security, and our security assistance effort is a vital component of this relationship.

Security Assistance Program

The program for Egypt consists of Foreign Military Sales (FMS) financing, and International Military Education and Training (IMET) grants as shown on the following chart. Our security assistance is designed to help strengthen Egypt's capacity to defend itself against any military threat in the region and against threats to our mutual interests in the area, in particular the Suez Canal. It is directed toward replacing Egypt's mostly inoperative and obsolete Soviet equipment with modern U.S. systems and to help ensure Egyptian modernization, self-confidence, military self-sufficiency, and ability to deter aggression. IMET reinforces the FMS program by training Egyptian personnel to operate and maintain U.S. equipment, and by familiarizing them with U.S. military management concepts and military doctrine. Past and proposed funding levels are adequate to satisfy U.S. and Egyptian security assistance objectives.

EGYPT PROGRAM LEVELS
($ IN MILLIONS)

USG GRANT AID	FY 79-86	FY 87	FY 88	FY 89
MAP	0	0	0	0*
FMS CREDIT (FORGIVEN)	3,509.1	1,300	1,300	1,300*
IMET	10.6	1.80	1.50	1.65*
GRANT AID TOTAL	3,519.7	1,301.80	1,301.50	1,301.65*
USG CREDIT				
FMS GUARANTEED	4,000	0	0	0
FMS CONCESSIONAL	0	0	0	0
CREDIT TOTAL	4,000	0	0	0
FMS CASH SALES	282.8	9.8	UNKNOWN	UNKNOWN

* President's budget request only, not allocation.

EGYPT TRAINING

YEAR	IMET STUDENTS	FMS STUDENTS	TOTAL STUDENTS
83	338	15	353
84	258	7	265
85	203	156	359
86	138	185	323
87	186	64	250

Jordan

A long-time, supportive friend of the U.S., Jordan remains a focal point for regional stability in the Middle East. Its determined search for a durable peace, strategic location vis-a-vis Israel, and long-standing ties with the U.S. make this country absolutely essential to accomplishing our objectives. A strong and confident Jordan is required if we are to continue to count on its moderating influence in regional affairs and its role as a buffer against more radical states. Manned by one of the most professional military forces in the region, Jordan has traditionally looked to the West as its primary military supplier. This western orientation, and its provision of military advice to other Arab states, has enabled it to constructively influence other countries.

Security Assistance Program

Since the withdrawal of the $1.9B Jordanian Arms Package from Congress in 1986, our military support to Jordan has consisted of only minimal sustainment for older U.S. systems. King Hussein has been forced to turn to Soviet, East Bloc and NATO countries for support. Continued reduced funding will most likely push Jordan toward an expanded support relationship with the USSR, with a corresponding increase in Soviet presence and influence in the region. The IMET Program for Jordan has been highly successful in the training of instructor cadres to improve the quality of Jordanian military schools and improve operations and logistic support of U.S. furnished equipment. Continuation of IMET at programmed levels is essential, as it is the one positive aspect of our military-to-military relationship.

Funding

The cutback in FY 87 funding followed a series of developments that Jordanians perceived as a decline in long-standing U.S. support for their country's security. The FY 87/88 levels, as shown on the following chart, will undoubtedly reinforce this perception as force modernization stops and even sustainment cannot be met. Although the FY 89 requested levels are a significant increase over FY 88 allocations and are requested to be forgiven credit, they are still well below required sustainment levels and will provide only limited support for U.S.-provided equipment. The goal of a Jordanian military force, modestly equipped with U.S. materiel and manned by a professional force with close ties to our culture, is decidedly in danger.

JORDAN PROGRAM LEVELS
($ IN THOUSANDS)

	FY 75-86	FY 87	FY 88	FY 89
USG GRANT AID				
MAP	293,785	39,941	26,500	0*
FMS CREDIT (FORGIVEN)	0	0	0	48,000*
IMET	15,616	2,000	1,750	1,800*
GRANT AID TOTAL	309,401	41,941	28,250	49,800*
USG CREDIT				
FMS TREASURY RATE	700,640	0	0	0
FMS CONCESSIONAL	109,705	0	0	0
CREDIT TOTAL	810,345	0	0	0
FMS CASH SALES	1,197,028	21,448	UNKNOWN	UNKNOWN

* President's budget request only, not allocation.

JORDAN TRAINING

YEAR	IMET STUDENTS	FMS STUDENTS	TOTAL STUDENTS
83	381	229	610
84	370	25	395
85	405	0	405
86	381	115	496
87	491	32	523

Kenya

Kenya, plays a key role in our security strategy in Southwest Asia and the Horn of Africa. Since the 1970s, the U.S. has maintained a close relationship with the Government of Kenya. This relationship has manifested itself through important economic ties, a large U.S. military aid program, and the second largest Peace Corps program in the world. Kenya grants U.S. military access to airfields, ports and storage facilities, as well as provides fuel, repair and resupply facilities for U.S. ships and aircraft. Mombasa serves as a major liberty port for the U.S. Navy. The Kenyan government is in the midst of a growing economic crisis. Faced with a rapidly growing population and reduced revenues, Kenya is barely able to make its payments to international creditors. The result at home has been budget cuts for the Kenyan military. Recent border tension with Uganda points out the regional volatility and, when coupled with internal budget cuts, adds increased importance to maintaining U.S. security assistance levels.

Security Assistance Program

The security assistance program in Kenya consists of the Military Assistance Program (MAP) and the International Military Education and Training (IMET) Program. MAP funds are used to support the F-5 fighter aircraft program and the MDHC-500 helicopter program, to upgrade the engineer brigade, and to computerize the Kenyan logistics system. The IMET Program focuses on officer professional development, aircraft operations and maintenance training, and logistics management training to develop skills for the Kenyan armed forces cadre.

Funding

The dramatic reductions in FY 87 funding levels, as shown on the following chart, resulted in delays in the F-5 and helicopter improvement programs and reduced spare parts purchases. Funding at the FY 88 level will permit no growth in most programs. Maintenance of the F-5 and MDHC-500 helicopter programs will continue at reduced levels. Operational readiness rates may decline. Reduced funding levels could endanger the U.S.-Kenyan access agreement and the high degree of cooperation between the U.S. and the Kenyan government on mutual regional security objectives. The initial, official reaction to further funding reductions may be public and private expressions of disappointment and a questioning of U.S. sincerity and commitment toward Kenya. More seriously, the Kenyans view the U.S. military assistance program as a direct quid for U.S. access to Kenyan facilities. A continued downslide in MAP funding could lead the Kenyans to re-evaluate their commitment to the U.S.-Kenyan access agreement. However, it is unlikely that the Kenyans could successfully solicit the desired assistance levels from a third nation. While the FY 89 budget request level represents a substantial increase over the FY 88 authorizations, it falls short of the amount required to modernize the Kenyan forces. F-5 and MDHC-500 upgrades would have to be further delayed. Cancelled artillery programs would not be able to be reinstated.

KENYA PROGRAM LEVELS
($ IN THOUSANDS)

	FY 75-86	FY 87	FY 88	FY 89
USG GRANT AID				
MAP	69,640	7,500	5,000	13,000*
FMS CREDIT (FORGIVEN)	0	0	0	0*
IMET	10,100	1,054	1,200	1,200*
GRANT AID TOTAL	79,740	8,554	6,200	14,200*
USG CREDIT				
FMS GUARANTEED	155,000	0	0	0
FMS CONCESSIONAL	0	3,000	0	0
	155,000	3,000	0	0
FMS CASH SALES	21,227	1,471	UNKNOWN	UNKNOWN

* President's budget request only, not allocation.

KENYA TRAINING

YEAR	IMET STUDENTS	FMS STUDENTS	TOTAL STUDENTS
82	72	0	72
83	90	15	105
84	126	0	126
85	138	4	142
86	169	17	186
87	80	1	81

Kuwait

Strategically located at the northern end of the Gulf, Kuwait is the first line of defense in the event of a military incursion against the moderate Gulf states. The escalation of the Iran-Iraq War, to include artillery and rocket attacks on the mainland and missile attacks on shipping in Kuwaiti waters during the past year, has increased Kuwait's need to upgrade its defensive capability. Our security assistance is intended to provide defense equipment and services which will improve Kuwait's ability to protect itself and participate in regional defense arrangements with other Gulf Cooperation Council states. Increased military-to-military cooperation, stemming from the re-flagging of Kuwaiti tankers, is also supported by our security assistance efforts.

Security Assistance Program

All purchases under the security assistance program are on a Foreign Military Sales (FMS) cash or commercial sale basis, as shown on the attached chart. Kuwaiti purchases include: active and passive countermeasures against Silkworm missiles; follow-on support for previously purchased aircraft, artillery, anti-tank and air defense systems; components for air defense command and control systems; and construction of an air force flight training school. All training for Kuwait is also cash funded and provides professional development courses for officers, and aircraft operations and maintenance courses for mechanics.

KUWAIT PROGRAM LEVELS
($ IN THOUSANDS)

	FY 75-86	FY 87	FY 88
FMS CASH SALES	1,475,252	57,060	UNKNOWN

KUWAIT TRAINING

YEAR	FMS STUDENTS
82	263
83	108
84	227
85	297
86	298
87	266

Oman

Straddling the corner of Arabia, Oman is the southernmost member of the Gulf Cooperation Council and the guardian of the Strait of Hormuz. A strong and independent Oman is important to regional stability and the continued flow of critical resources. The Sultan of Oman was the only public Arab supporter of the Camp David process and he openly endorses a balance of U.S. and Soviet influence in Southwest Asia. Security cooperation between the U.S. and Oman is essential to U.S. Central Command's ability to respond to contingencies threatening our interests in the region.

Security Assistance Program

The security assistance program for Oman consists of Foreign Military Sales (FMS) financing and International Military Education and Training (IMET) Program assistance, as shown on the following chart. Security assistance for Oman is intended to provide that country with the equipment and training necessary to deter or defend against aggression from Iran or the People's Democratic Republic of Yemen. Recent budget shortfalls in Oman, due to reduced oil revenues, handicap funding of any significant new FMS purchases. Limited past FMS credits will be used to support U.S. equipment already in Oman's inventory. The IMET Program is intended to provide professional training for mid-level military officers and is designed to complement and contribute to the enhancement of Oman's overall military capability. IMET participation has been significantly reduced due to Omani budget decreases in military spending and shortfalls in available manpower, but it carries increased significance as native Omanis assume greater control of their own defense establishment which was formerly dominated by seconded British officers.

Funding

Continued minimal IMET funding, as shown on the following chart, will have little impact, as Oman presently cannot afford to take advantage of U.S. loans. Brought on by reduced oil revenues, their current budget crisis has caused across-the-board reductions in spending.

OMAN PROGRAM LEVELS
($ IN THOUSANDS)

USG GRANT AID	FY 79-86	FY 87	FY 88	FY 89
MAP	0	0	0	0*
FMS CREDIT (FORGIVEN)	0	0	0	0*
IMET	623	39	150	150*
GRANT AID TOTAL	623	39	150	150*
USG CREDIT				
FMS GUARANTEED	209,140	0	0	0
FMS CONCESSIONAL	0	0	0	0
CREDIT TOTAL	209,140	0	0	0
FMS CASH SALES	22,050	622	UNKNOWN	UNKNOWN

* President's budget request only, not allocation.

OMAN TRAINING

YEAR	IMET STUDENTS	FMS STUDENTS	TOTAL STUDENTS
84	15	0	15
85	24	0	24
86	13	0	13
87	29	0	29

Pakistan

Pakistan is on the front line of communist aggression with frequent spillover from an active war on its flank and increasing pressure from the USSR. The Afghan war remains a major concern for the Pakistanis as they continue to balance other regional/border issues. The refugee population is in the millions and further complicates both internal and external pressures. Pakistani forces are large and among the best-trained in the world. Our security assistance program is designed to improve their ability to resist Soviet pressure and is linked to discouraging development of nuclear weapons while building confidence in their conventional capabilities. Projected funding levels should make our support goals attainable.

Security Assistance Program

U.S. security assistance helps regional stability objectives by strengthening defense capabilities while building confidence. The security assistance program consists of Foreign Military Sales (FMS) credit financing and cash sales, and International Military Education and Training (IMET). FMS financing greatly assists in paying for the continued modernization of the Pakistani Armed Forces. Air defense systems, aircraft, light helicopters, howitzers, armored vehicles, shipboard weapons systems and munitions are the principal acquisition items. The IMET Program provides professional leadership/management training, graduate-level courses, pilot training and technical instruction in maintenance, operations, communications and electronics. IMET exposes Pakistani military personnel to U.S. democratic systems and values and builds personal ties between the two countries' armed forces.

Funding

Although the FY 88 program was cut $30M from the requested amount to $260M, it includes $30M in forgiven credits that will have a long-term positive effect on Pakistan's available resources. The FY 89 President's budget request for Pakistan is smaller in size than the FY 88 allocation, the only country in our AOR where this is the case. However, by shifting the total Pakistan FMS program to foreign credits, we hope to be able to reduce the impact of this decrease and continue good military-to-military relations. Access and working relationships remain good with no adverse reaction expected. The following chart shows current and past funding levels.

PAKISTAN PROGRAM LEVELS
($ IN THOUSANDS)

	FY 75-86	FY 87	FY 88	FY 89
USG GRANT AID				
MAP	0	0	0	0*
FMS CREDIT (FORGIVEN)	0	0	30,000	240,000*
IMET	6,007	1,150	815	915*
GRANT AID TOTAL	6,007	1,150	30,815	240,915*
USG CREDIT				
FMS TREASURY RATE	1,196,025	0	0	0
FMS CONCESSIONAL	0	312,500	230,000	0
CREDIT TOTAL	1,196,025	312,500	230,000	0
FMS CASH SALES	1,508,440	22,439	UNKNOWN	UNKNOWN

* President's budget request only, not allocation.

PAKISTAN TRAINING

YEAR	IMET STUDENTS	FMS STUDENTS	TOTAL STUDENTS
83	81	28	109
84	116	327	443
85	108	107	215
86	108	112	220
87	113	144	257

Qatar

Qatar occupies a peninsula that extends north from the mainland of the Arabian Peninsula into the Persian Gulf, and is thus important to the free passage of oil through the Gulf. Qatar's small military force is equipped primarily with British and French weapons systems. Our security assistance program is structured to strengthen and modernize indigenous Qatari defense forces, to cooperate with its Gulf Cooperation Council partners in regional defense, and to promote a closer U.S.-Qatari relationship. Security Assistance to Qatar is limited to very modest FMS cash purchases, mostly for technical training, as shown on the following chart.

QATAR PROGRAM LEVELS
($ IN THOUSANDS)

	FY 75-86	FY 87	FY 88
FMS CASH SALES	2,497	635	UNKNOWN

QATAR TRAINING

YEAR	FMS STUDENTS
83	13
84	2
85	4
86	6
87	22

Saudi Arabia

A key leader in the Arab world, Saudi Arabia occupies a position of utmost importance. Its geo-strategic location on the Arabian Peninsula, influence among the other Arab states, and moderate approach to international issues place it at the center of U.S. interests and plans for the region. Oil revenues have enabled the Saudis to play a principal role in the economic life and stability of the region and have permitted the Kingdom to extend financial assistance to moderate governments throughout the area. It has quietly continued efforts to encourage a peaceful settlement of the Iran-Iraq War and the ongoing conflict in Lebanon. Additionally, Saudi Arabia's support for our Gulf escort operations has been significant. Continued support of the Kingdom is vital to U.S. plans and programs not only in the Gulf, but throughout Southwest Asia and the Third World.

Security Assistance Program

Military sales to Saudi Arabia, designed to improve and modernize its forces, have the goal of developing security capabilities and encouraging a collective regional defense with other Gulf Cooperation Council states. Through FMS cash sales, Saudi Arabia purchases defense articles and services needed for its modernization program, as shown on the following chart. The recent delivery of the E3A AWACS to Saudi Arabia further enhances its air defense capability, an important factor in containing the Iran-Iraq War. The sale is also equally important as it demonstrates our commitment to the defense requirements of the region and encourages security cooperation among the moderate Gulf states. Other principal programs include the mechanization of additional Saudi Arabian Land Forces brigades, training and modernization of the Saudi Arabian National Guard, strengthening the air defense posture of the Royal Saudi Air Force through continued support for the F-5 and F-15 aircraft programs and enhancement of communication and control capabilities, and continued training on equipment for the Saudi Navy. All training is funded through cash sales. Saudi Arabian program levels are shown below.

SAUDI ARABIA PROGRAM LEVELS
($ IN MILLIONS)

	FY 74-86	FY 87	FY 88	FY 89
USG GRANT AID				
MAP (TERMINATED 1971)	26	0	0	0
FMS CREDIT (FORGIVEN)	0	0	0	0
IMET (TERMINATED 1971)	12.5	0	0	0
GRANT AID TOTAL	38.5	0	0	0
USG CREDIT (TERMINATED 1971)				
FMS GUARANTEED	254	0	0	0
FMS CONCESSIONAL	0	0	0	0
CREDIT TOTAL	254	0	0	0
FMS CASH SALES	50,208	1,100	UNKNOWN	UNKNOWN

SAUDI ARABIA TRAINING

YEAR	FMS STUDENTS
82	563
83	866
84	447
85	928
86	688
87	717

Somalia

Somalia remains central to U.S. security interests in the Horn of Africa, sitting with tiny Djibouti as the only non-Marxist states astride the strategic Bab El Mandeb and its Gulf of Aden approach lanes. Without access to military bases in Somalia, U.S. forces would be hard pressed to prevent Soviet and Cuban military advisors and combat forces based in Ethiopia and the PDRY from closing this strategic back door to the Red Sea and Suez Canal. Consequently, U.S. access to Somali facilities, formalized by an agreement signed in 1980 and due for review in 1990, is vitally important to support USCENTCOM's theater strategy.

Meanwhile, the threat to Somalia posed by Ethiopia's better equipped and numerically superior armed forces, and by Addis Ababa's support to Somali dissidents in the Ogaden, is growing, as evidenced by the combined Ethiopian/dissident attack against Balleh Dig last February and continued clashes throughout the year. It is essential that we continue to support Somalia in order to ensure its security against these threats.

Security Assistance Program

Somalia's armed forces are woefully underequipped, undersupplied, and undertrained. Their severe balance of payments crisis leaves them unable to afford the equipment, supplies, and training they need to field an effective defense force; therefore, the Somalis must rely on outside assistance for their military requirements. Due to severe budget cuts in recent years, the main thrust of our assistance to Somalia is follow-on support of previously-provided equipment and previously-initiated programs. These programs include repair and maintenance of air defense radars, maintenance of a country-wide military communications network, in-country training on infantry skills and all phases of logistics management, and provision of repair parts and ammunition. Planned equipment acquisitions include cargo trucks, anti-tank weapons and small arms. In-CONUS English language training, technical skills training and senior officer attendance at professional military education courses complement these programs.

Funding

Our security assistance program for Somalia has been damaged by the budget cuts of the last three years; the following chart shows program funding since its beginning in 1980. Our previous goals of modernizing and upgrading the Somali armed forces have been effectively abandoned; our program is in a damage-limitation mode while we attempt to provide adequate follow-on support for programs initiated in prior years. While the FY 89 budget request level represents a substantial increase over FY 88 authorizations, it falls short of levels necessary to return to our previous modernization and upgrade program. Only sustainment of existing programs and minimal expansion could take place.

SOMALIA PROGRAM LEVELS
($ IN THOUSANDS)

	FY 80-86	FY 87	FY 88	FY 89
USG GRANT AID				
MAP	114,140	7,500	5,500	17,000*
FMS CREDIT (FORGIVEN)	0	0	0	0*
IMET	4,655	707	1,000	1,100*
GRANT AID TOTAL	118,795	8,207	6,500	18,100*
USG CREDIT				
FMS GUARANTEED	60,000	0	0	0
FMS CONCESSIONAL	0	0	0	0
	60,000	0	0	0
FMS CASH SALES	2,012	3	UNKNOWN	UNKNOWN

* President's budget request only, not allocation.

SOMALIA TRAINING

YEAR	IMET STUDENTS	FMS STUDENTS	TOTAL STUDENTS
82	26	8	34
83	32	0	32
84	46	0	46
85	72	0	72
86	97	29	126
87	35	42	77

Sudan

The largest state in Africa, Sudan has the potential to control the headwaters of the Nile and, hence, affect the economic lifeblood of Egypt. Politically, a pro-West/pro-Egypt, or even neutral Sudan acts as a buffer state between the pro-Soviet countries of Libya and Ethiopia, thereby preventing the isolation of Egypt by a crescent of hostile states on its southern flank. An active insurgency in the south has developed into a crisis for the central Khartoum government, and a judicious and measured U.S. security assistance program is essential for a political settlement to the conflict. A capable and westward-leaning military leadership will assist in the containment of internal and external threats facing Sudan and give the country some measure of stability as it faces myriad problems. An immediate and serious threat to that stability stems from its chronically weak economy and from the specter of default on a foreign debt which now exceeds the country's total GNP. By responding to critical short-term needs, the U.S. has helped Sudan maintain international solvency and access to external credit, without which there is little hope of Sudan covering its external debt gap and mobilizing assistance from other donors.

Security Assistance Program

The focus of the Military Assistance Program (MAP) is the development of a mobile reconnaissance force, the maintenance of existing U.S.-supplied equipment, and the continued development of the national logistics system. The IMET Program focuses on in-country English language training, professional military education, and maintenance and logistics management courses. The U.S.-based training is geared toward the development of a corps of professional officers to serve as cadre in their units and instructors at the various army corps schools. Technical Assistance Field Teams provide long-term, in-country training on tracked and wheeled vehicle maintenance and on operation of the national logistics system.

Funding

Drastic cuts in the MAP level in recent years, as shown in the following chart, have hampered our ability to upgrade the Sudanese military and have resulted in an inability to support equipment provided and programs started in prior years. With no MAP or FMS funding in FY 88, the program will have to rely on prior-year residual funds and funds excess to existing programs. Those funds will allow for continuation of selected programs, primarily the mobile reconnaissance force, maintenance, and the national logistics system. It will not allow modernization of the Sudanese Armed Forces into a credible deterrent to its potentially hostile neighbors. The FY 88 funding level could cause the Sudanese government to conclude that the U.S. is an unreliable security partner and could cause them to turn to Libya or other non-western sources for military and economic assistance. While the FY89 budget request level of $5 million is greater than the zero allocation of FY88, it will not be adequate to sustain some existing programs during FY89. Key programs will be funded during FY88 and sustained through FY90 using prior-year residual funds, but other programs will have to be scaled back or eliminated to exist on the FY89 proposed allocation.

SUDAN PROGRAM LEVELS
($ IN THOUSANDS)

	FY 75-86	FY 87	FY 88	FY 89
USG GRANT AID				
MAP	150,860	5,000	0	5,000*
FMS CREDIT (FORGIVEN)	50,000	0	0	0*
IMET	7,872	994	900	1,000*
GRANT AID TOTAL	208,732	5,994	900	6,000*
USG CREDIT				
FMS GUARANTEED	110,000	0	0	0
FMS CONCESSIONAL	0	0	0	0
CREDIT TOTAL	110,000	0	0	0
FMS CASH SALES	85,914	0	UNKNOWN	UNKNOWN

* President's budget request only, not allocation.

SUDAN TRAINING

YEAR	IMET STUDENTS	FMS STUDENTS	TOTAL STUDENTS
82	98	131	229
83	74	38	112
84	132	17	149
85	120	30	150
86	55	0	55
87	55	2	57

United Arab Emirates

As the only nation besides Iran to have a coastline along both the eastern and western approaches of the strategic Strait of Hormuz, the UAE has been directly impacted by Tehran's decision during 1987 to expand the threat to international shipping deeper into the Strait and Gulf of Oman. Following Iranian ship attacks immediately adjacent to and occasionally inside UAE waters and Tehran's August 1987 mining of the waters off Khor Fakkan, the UAE has actively supported the increased western presence aimed at enhancing freedom of navigation and safe passage through international waters. U.S. security assistance sales are designed to improve air defense and early warning capabilities to counter the mounting threat to UAE security.

Security Assistance Program

The entire UAE program consists of foreign military cash sales as shown on the following chart. The major purchases to date have been the I-HAWK Air Defense System and air-to-air missiles. The majority of UAE training dollars are spent on air force pilot training, I-HAWK system training and professional military education.

UAE PROGRAM LEVELS
($ IN THOUSANDS)

	FY 75-86	FY 87	FY 88
FMS CASH SALES	750,503	90,659	UNKNOWN

UAE TRAINING

YEAR	FMS STUDENTS
83	93
84	44
85	30
86	127
87	48

Yemen Arab Republic (YAR)

Situated at the southern exit of the strategic Red Sea and adjacent to the Soviet-supported People's Democratic Republic of Yemen (PDRY), the Yemen Arab Republic (YAR) is attempting to withstand Soviet and PDRY pressures and maintain its non-aligned status. One of the poorest and least developed of the Middle East countries, the YAR has begun exporting its newly-discovered oil and is attempting to improve its economic standing. The Soviet Union has established a significant presence in the YAR through its liberal credit terms, sale of military equipment, and generous training programs. The debt resulting from this credit continues to give Moscow considerable political leverage. The small U.S. security assistance programs are unlikely to reverse the Soviet position. However, they do provide the means to resist Soviet pressures on those within the Yemeni Government who seek alternatives to reliance on the Soviet Union.

Security Assistance Program

Although not in open competition with the Soviets, the U.S. programs have been designed to show the superiority of the U.S. method of security assistance as well as the qualitative superiority of U.S. equipment. Additionally, our aid has been tied closely to the Saudi assistance to the YAR, as we manage the training and maintenance of U.S. equipment and Saudi Arabia funds the spare parts. Total U.S. aid, since program inception in 1974, is estimated to equate to less than two percent of the Soviet aid supplied since 1980. Despite this fact, our aid program has opened avenues for U.S. access within the Yemeni military and offered a counter to Soviet influence. Greatly increased interaction between the YAR military schools and their U.S. counterparts will continue to pay significant dividends for years to come. This program consists of Military Assistance Program (MAP) grants and International Military Education and Training (IMET) Program grants as shown on the chart. The small amount of MAP projected for FY 88 will be used to buy follow-on support to sustain present force levels. The IMET Program finances operations and maintenance training on U.S. equipment and in-country English language training courses.

Funding

The 49 percent reduction in MAP funding in FY 87, and continued low levels of funding for FY 88 severely restrict our ability to maintain the minimum level of support for U.S.-origin equipment. Operational readiness rates for this equipment are dropping sharply due to lack of spares, munitions, and training. At a time of growing Soviet pressure, these reductions will be perceived as a withdrawal of U.S. support and lack of interest at the precise time the YAR is aggressively seeking to maintain an independent course and increase its economic status. This trend must be reversed if we wish to retain our influence within the YAR. We must support our previously provided equipment and keep the critical in-country English language training program functioning. While the FY 89 budget request figure of $2M in credits would be of great assistance, it is still far short of meeting the legitimate needs of the YAR government.

YAR PROGRAM LEVELS
($ IN THOUSANDS)

	FY 74-86	FY 87	FY 88	FY 89
USG GRANT AID				
MAP	12,914	1,000	1,000	0
FMS CREDIT (FORGIVEN)	0	0	0	2,000*
IMET	11,090	1,417	1,000	1,000*
GRANT AID TOTAL	24,004	2,417	2,000	3,000*
USG CREDIT				
FMS GUARANTEED	14,000	0	0	0
FMS CONCESSIONAL	0	0	0	0
CREDIT TOTAL	14,000	0	0	0
FMS CASH SALES (FUNDS PROVIDED BY SAUDI ARABIA)	321,068	5,064	UNKNOWN	UNKNOWN

* President's budget request only, not allocation.

YAR TRAINING

YEAR	IMET STUDENTS	FMS STUDENTS	TOTAL STUDENTS
83	58	39	97
84	31	56	87
85	67	24	91
86	62	1	63
87	67	2	69

Chairman Nunn. Thank you, General.

General Goodall.

STATEMENT OF LT. GEN. HARRY A. GOODALL, U.S. AIR FORCE, DEPUTY COMMANDER IN CHIEF, U.S. SPECIAL OPERATIONS COMMAND

General Goodall. Mr. Chairman, thank you very much for the opportunity to appear on General Lindsay's behalf. He wanted me to thank you in open session for allowing him to continue with the prior arrangements that he had made.

I have no classified testimony this morning, although some aspects of the Command's activities are classified, and I would be glad to deal with those in a closed session should you elect to have one.

In the letter announcing the session, you said that, because it was our first time to appear before the committee, we might testify about our mission. I have chosen to do that with a lengthy statement that has been furnished, and request that it be entered into the record this morning.

Chairman Nunn. Without objection, it will be part of the record.

General Goodall. I would take a few minutes now to very briefly summarize that lengthy statement and to deal with three other aspects mentioned in your letter, namely, the deficiencies in Special Operations and our priorities for correcting them, the resource allocation process and our ability to influence it, and progress in implementing the Goldwater-Nichols Reorganization Act.

Turning to my brief summary, our Command was formed on the 16th of April 1987 at MacDill Air Force Base, Florida by law enacted by Congress. Our purpose was to modernize and revitalize Special Operations Forces and, more importantly, to institutionalize the Special Operations activities of the Armed Forces of the United States in the Department of Defense.

It is important to note that modernization and revitalization were actually well under way when our command came into existence. As a matter of fact, several billions of dollars had already been spent at the time our Command was established on the scene, buying and preparing to buy important SOF equipment.

We were minus a few forces, however. The Army's Psychological Operations Forces and Civil Affairs Forces, and the Navy's Seals were not assigned to our Command initially. Our Command was really a very small headquarters.

Now, all the Special Operations Forces of the Army and the Seals are assigned, our headquarters is sort of a full up round, as I would call it, and the Secretary of Defense has seen fit to move our 1989 manning requirements forward into 1988. So this is our year of maturity, if you will.

We have been in existence 1 month short of 1 year, and if we were to grade ourselves, without implying pats on the back for ourselves, I would say we are about 2½ years along in maturity.

Turning to the three other points that you mentioned in your letter, let me address first the deficiencies and priorities. One of the things that our Command did when we were first established was get our component commanders together and begin to examine the array of things that had been programmed and budgeted already and also things that had not been programmed and budgeted, and we developed a priority list to use to help guide the services in their wisdom in budgeting Special Operations equipment, and manpower and the like.

Our highest priorities dealt with communications, mobility and intelligence, and I would say that in the mobility area, we are faced with a serious problem inasmuch as mobility is a very high cost item. It has to do with airplanes and ways of moving things around, boats and the like. But today, as it stands right now in the fiscal year 1989 budget, our programs, to the extent that it is possible to fund them, are fully funded.

Progress on the Goldwater-Nichols Reorganization Act. Our Command had an advantage, I feel, in that we were created at a time when the act was already in existence and, unlike the other Unified Commands, we did not have to fight about changing anything. As a matter of fact, as we established ourselves, we took that act and the provisions of it and used them to guide the establishment of our Command. So at the outset we began to operate and function in accordance with that act.

And as you know, an amendment assigned us other responsibilities, and we have also been able to do those.

It turns out that this is a very difficult time to establish a new Command inasmuch as budgets are going down, manpower is being decreased and the like, but I am proud to report today that the Department of Defense has seen fit to provide the resources and the funding required to establish our Command.

There were some aspects of the Command and the Goldwater-Nichols Reorganization Act that are contentious, and there are still people who argue about what we should and should not do. But when it comes to the final analysis, the law prevails and we see our Command in existence with no deviations from the guidance provided by the Congress in law.

As regards resource allocation and our ability to influence that process, our priority list has served us well and has resulted in the proper steering of service actions to fund programs which we feel are important to the Command.

You are well aware of the DRB process that exists in the Department of Defense and, in December 1987 when we had the famous budget decrement decision, it is interesting to note that Special Operations Forces, when the dust had settled, had been programmed to be reduced by 30 percent across the board. We were able to go to the Defense Resources Board and argue our case, and virtually all the funds required to carry on our programs have been restored. We have received very strong support from the Office of the Secretary of Defense.

In that regard, 1988 legislation gave our Command head of agency status, and we are feeling our way along on that. I know that some feel we are not progressing fast enough, but it is awfully difficult to assume head of agency status and start buying things. You have to have the requisite people who know the law, the procurement directives and all the requirements and we are now beginning to develop that capability.

One of the reasons that the Secretary of Defense moved our manpower forward into 1988 was so that we could begin to develop and hire in the Command the kinds of people required to execute that all-important agency status that has been given us by the Congress.

Today we do not do our own programming and budgeting. We use our priority list and participation at all levels of the decision process to make our views known to the services who do our budgeting and programming for us. However, General Lindsay has extensively advertised and has not been disputed that in 1992 to 1996 he will develop his own program. He will execute his own budget.

I would say that we do not have widespread open agreement on that point at this time, but we stand on that position and have not been reversed.

A final point that I would cover this morning has to do with the people, as the other distinguished Commanders to my left have done. They are in fact our best and shiniest in Special Operations, and from time to time we find them, even in training, out on the edge of human endurance. They expect and are willing to lay it all on the line for their country, but they expect certain things from their leaders and public figures.

They expect the best equipment that they can get to do the job that has been assigned them. And they expect us, their commanders, and you, their representatives, to see that they are adequately compensated. And therefore we, too, support the 4.3 percent pay hike recommended by Secretary Carlucci.

I think that they believe that they have no part in their life to argue for their own pay, and they make no expressions about it. They go about doing their job quietly, and I would say that without trying to sound theatrical, that it would be good if it could be said of this Congress that, as regards the military pay raise this year, when all is said and done, the Congress not only voted with its intellect but with its heart.

Mr. Chairman, that concludes my statement.

[The prepared statement of General Goodall follows:]

STATEMENT BY
LIEUTENANT GENERAL HARRY A. GOODALL
DEPUTY COMMANDER IN CHIEF
UNITED STATES SPECIAL OPERATIONS COMMAND

INTRODUCTION

MR CHAIRMAN, IT IS A PLEASURE TO APPEAR BEFORE THIS COMMITTEE TODAY TO ADDRESS THE ISSUES SURROUNDING THE SPECIAL OPERATIONS FORCES OF THE UNITED STATES. IT IS GRATIFYING TO NOTE THAT THE CONGRESS HAS RECOGNIZED THROUGH ITS SUPPORT THE VITAL ROLE THAT SPECIAL OPERATIONS FORCES PLAY IN THE EXECUTION OF OUR NATIONAL POLICY. MY PURPOSE TODAY IS TO PROVIDE YOU AN UPDATE ON THE DEVELOPMENT OF OUR SPECIAL OPERATIONS FORCES ORGANIZATIONS AND CAPABILITIES WHICH ARE VERY PRECISELY LAYED OUT IN THE LEGISLATION WHICH CREATED THE COMMAND.

ESTABLISHMENT OF THE COMMAND

IN ACCORDANCE WITH LAW, THE UNITED STATES SPECIAL OPERATIONS COMMAND WAS ESTABLISHED ON 16 APRIL 1987 AT MACDILL AIR FORCE BASE FLORIDA. MANY IN CONGRESS WOULD HAVE PREFERRED TO SEE THE HEADQUARTERS PLACED HERE IN THE CAPITAL REGION, BUT BY LOCATING IN TAMPA, WE WERE ABLE TO USE THE FACILITIES AND A SELECTED POOL OF EXPERIENCED AND QUALIFIED JOINT STAFF OFFICERS OF THE DISESTABLISHED READINESS COMMAND TO FORM THE NUCLEUS OF THE NEW COMMAND. MOST OF THE READINESS COMMAND PERSONNEL HAVE SINCE BEEN REPLACED BY SPECIAL OPERATIONS EXPERIENCED PEOPLE WHERE THOSE SKILLS ARE NEEDED. SOME OF THE COMMAND'S LIMITED MANPOWER SPACES WERE USED TO FORM A WASHINGTON OFFICE, HEADED UP BY A VERY HIGHLY QUALIFIED GENERAL OFFICER WHO IS ONLY MINUTES AWAY FROM THE

POLICY HUB OF U.S. SPECIAL OPERATIONS MATTERS. BY STAYING IN FLORIDA, WE HAVE LEFT THOSE THINGS WHICH NEED TO BE TAKEN CARE OF IN WASHINGTON TO OUR WASHINGTON OFFICE AND THE PENTAGON STAFFS WHILE KEEPING OUR OWN HEADQUARTERS STAFF FREE TO DEAL WITH OPERATIONAL AND RESOURCE ISSUES. MOREOVER, WE ARE AT LEAST A YEAR TO EIGHTEEN MONTHS AHEAD OF WHERE WE WOULD BE IF WE HAD STARTED FROM SCRATCH.

USSOCOM ORGANIZATION

WHEN THE COMMAND WAS INITIALLY ESTABLISHED, NOT ALL OF THE UNITED STATES BASED SPECIAL OPERATIONS FORCES WERE IMMEDIATELY ASSIGNED TO USSOCOM. WE STARTED OUT WITH THE ARMY'S 1ST SPECIAL OPERATIONS COMMAND AT FORT BRAGG, LESS THE CIVIL AFFAIRS UNITS AND THE PSYCHOLOGICAL OPERATIONS UNITS, AS OUR ARMY COMPONENT. THE ASSIGNED AIR FORCE COMPONENT IS THE 23 AIR FORCE AT HURLBURT FIELD, FLORIDA, AND THE NAVY COMPONENT AT THE OUTSET WAS THE SPECIAL WARFARE COMMAND, WITHOUT ANY OPERATING UNITS, AT CORONADO, CALIFORNIA. THE ORGANIZATIONS ASSIGNED FOR TRAINING ARE THE ARMY'S JOHN F. KENNEDY SPECIAL WARFARE CENTER AND SCHOOL, THE AIR FORCE SPECIAL OPERATIONS SCHOOL AND CENTRAL TRAINING FLIGHT, AND THE NAVY SPECIAL WARFARE CENTER. ON THE FIRST OF AUGUST, USSOCOM ASSUMED OPERATIONAL COMMAND OF THE JOINT SPECIAL OPERATIONS COMMAND AND ON THE FIRST OF NOVEMBER THE CIVIL AFFAIRS AND PSYCHOLOGICAL OPERATIONS FORCES WERE ASSIGNED TO USSOCOM BY SECRETARY WEINBERGER. ON THE FIRST OF MARCH USSOCOM ASSUMED

OPERATIONAL COMMAND OF NAVAL SPECIAL WARFARE GROUPS ONE AND TWO, AND THEIR ASSIGNED U.S. BASED FORCES. WITH THIS LATTER ACTION THE INITIAL PHASE OF THE ORGANIZATION OF THE SPECIAL OPERATIONS COMMAND IS DONE.

SOF PERSONNEL

HAVING ADDRESSED THE STATUS OF USSOCOM, LET ME TELL YOU SOMETHING ABOUT THE QUALITY AND CHARACTER OF THE PERSONNEL WHO FILL UP THE RANKS OF OUR SPECIAL OPERATIONS FORCES. OUR NATION HAS NEVER BEEN SERVED BY A MORE DEDICATED, PROFESSIONAL AND READY MILITARY THAN WE HAVE IN OUR SPECIAL OPERATIONS FORCES TODAY. THEY PERFORM AT THE SHARP AND OFTEN DANGEROUS EDGE OF HUMAN CAPABILITIES, MAKING FUTURE IMPROVEMENTS IN SOF DEPENDENT UPON TECHNOLOGICAL ADVANCES AND THE WILLINGNESS OF THE CONGRESS TO APPROVE THE NECESSARY MATERIEL TO SUPPORT SPECIAL OPERATIONS MISSIONS.

THIS IS NOT TO IMPLY THAT SOF HAS NO PERSONNEL PROBLEMS. ON THE CONTRARY, THE MYRIAD OF SPECIAL SKILLS AND THE EXCEPTIONALLY TOUGH QUALIFICATION STANDARDS TYPICAL OF SPECIAL OPERATORS MAKES GROWTH A SLOW PROCESS. FOR EXAMPLE, THE NAVY PLANS TO INCREASE ITS SEAL STRENGTH IN OPERATIONAL UNITS SUBSTANTIALLY, AND YET THE

NUMBER OF SUCCESSFUL GRADUATES OF THE BASIC TRAINING COURSE IS NOT SUFFICIENTLY HIGH TO REPLACE LOSSES, ACHIEVE GROWTH AND MAINTAIN STANDARDS. WE MUST SOLVE THE PROBLEM OF HIGH ATTRITION IN TRAINING THROUGH REFINEMENT OF TRAINING METHODS AND MORE CAREFUL SCREENING OF SEAL APPLICANTS. THE ARMY, IN RECOGNITION OF THE UNIQUENESS OF SPECIAL OPERATIONS, HAS CREATED A SPECIAL FORCES BRANCH WHICH WILL ENHANCE THE MORALE AND PROFESSIONALISM OF ITS MEMBERS. THE RECENTLY INCREASED SELECTION RATE TO ARMY BRIGADIER GENERAL FROM AMONG THE SPECIAL OPERATIONS ASSOCIATED OFFICER CORPS IS AT ONCE AN INDICATOR OF THE FUTURE OF OFFICERS IN THE FIELD, AND A SHOT IN THE ARM FOR SPECIAL OPERATIONS CAREER DEDICATION. THE AIR FORCE IS FACING A MAJOR EXPANSION IN SPECIAL OPERATIONS FORCE STRUCTURE AND MAY FIND IT USEFUL TO CONSIDER SPECIAL PERSONNEL MANAGEMENT METHODS TO HANDLE THEIR GROWTH. OUR MAJOR PERSONNEL PROBLEMS LIE IN THE RESERVE COMPONENTS. THERE SEEMS TO BE NO READY ANSWER TO THE PROBLEM OF TRAINING IN THE RESERVE AND GUARD UNITS THAT FORM HALF THE SPECIAL FORCES AND THE BULK OF THE CIVIL AFFAIRS AND PSYCHOLOGICAL OPERATIONS FORCES. LANGUAGE QUALIFICATION IS YET ANOTHER OF OUR WORRIES.

RESERVE COMPONENT COMMAND AND CONTROL:

IN ADDITION TO PERSONNEL PROBLEMS IN THE RESERVE COMPONENTS, COMMAND AND CONTROL IN PEACETIME OF RESERVE COMPONENT SOF IS A COMPLICATED ISSUE. THE ARMY NATIONAL GUARD AND THE ARMY RESERVE HAVE DIFFERENT CHAINS OF COMMAND. THE ARMY NATIONAL GUARD FALLS

UNDER PEACETIME COMMAND AND CONTROL OF THE STATE ADJUTANTS GENERAL AND ARMY RESERVE UNITS ARE THE PEACETIME C2 RESPONSIBILITY OF MAJOR US ARMY RESERVE COMMANDS. THE RESERVE COMPONENT SOF C2 SYSTEM IS VERY COMPLEX, BUT PROGRESS IS BEING MADE. FORSCOM IS CURRENTLY TRANSITIONING COMMAND OF US ARMY RESERVE SOF TO A SINGLE GENERAL OFFICER COMMAND IN EACH CONTINENTAL US ARMY AREA. FORSCOM HAS ALSO SUBMITTED A CONCEPT PLAN FOR THE ESTABLISHMENT OF 1ST SOCOM AS A MACOM, AND THE ULTIMATE OBJECTIVE IS TO TRANSFER PEACETIME C2 OF ARMY RESERVE SOF TO THE 1ST SOCOM.

USSOCOM ROLE IN LOW INTENSITY CONFLICT

IT HAS BEEN SAID OFTEN, BUT IT BEARS REPEATING: OUR ADVERSARIES ARE SEEKING TO ACHIEVE INDIRECTLY THROUGH SURROGATES USING LOW-INTENSITY CONFLICT WHAT THEY DARE NOT RISK IN A DIRECT CONFRONTATION. PERHAPS THE GREATEST LONG-TERM VALUE OF USSOCOM LIES IN ITS POTENTIAL TO DEAL WITH THIS THREAT.

RECOGNIZING THAT ANY DEFINITIVE ASSESSMENT OF OUR ROLE IN LIC MUST AWAIT THE CONCURRENCE OF AN ASD (SO/LIC), THERE ARE, NEVERTHELESS, SEVERAL FUNCTIONS THAT MUST BE PERFORMED:

- PROVIDE ADVICE TO THE NATIONAL COMMAND AUTHORITY AND THE REGIONAL CINCs ON SPECIAL OPERATIONS IN LOW-INTENSITY CONFLICT.
- ACT AS A CATALYST AND FOCAL POINT FOR RESEARCH, DEVELOPMENT, AND ACQUISITION OF THE TYPES OF FORCES, TACTICS, AND EQUIPMENT NEEDED IN LOW-INTENSITY CONFLICT.

- PROVIDE TAILORED FORCE PACKAGES TO THE REGIONAL CINCs.
- BE PREPARED TO PLAN AND CARRY OUT A SPECIAL OPERATION, IF ORDERED TO DO SO.

AS YOU KNOW, LOW-INTENSITY CONFLICT INVOLVES TYPES OF WARFARE CHARACTERIZED BY "UNCONVENTIONAL" FORCES AND "SPECIAL" OPERATIONS. BUT LOW-INTENSITY CONFLICT ALSO REQUIRES EXTENSIVE INVOLVEMENT OF "NATION BUILDING" FORCES SUCH AS ENGINEERS, CIVIL AFFAIRS, MEDICS, ETC. WE SHOULD ALL RECOGNIZE THAT THE MILITARY ROLE IS ONLY A PART OF THE TOTAL EFFORT, AND IN THAT REGARD, THE PRESIDENT'S DECEMBER 87 REPORT TO THE CONGRESS ON LOW INTENSITY CONFLICT AND SPECIAL OPERATIONS IS RIGHT ON TARGET.

RESOURCE REQUIREMENTS

INCREMENTAL IMPROVEMENTS IN SPECIAL OPERATIONS ARE DEPENDENT UPON FUTURE ADVANCES IN WEAPONRY AND MATERIEL. AT THE ACTIVATION CEREMONY OF THE SPECIAL OPERATIONS COMMAND ON 1 JUNE 1987 WE WERE PRIVILEGED TO HAVE DEPUTY SECRETARY OF DEFENSE TAFT AS OUR PRINCIPAL SPEAKER. HE SAID THAT THE GREATEST CHALLENGE WOULD BE TO PULL TOGETHER IN A COHERENT AND WORKABLE PLAN THE POLITICAL AND MILITARY DIMENSIONS OF SPECIAL OPERATIONS. THE IMPLICATION OF THAT CHARGE IS THAT WE MUST BE PREPARED TO SUCCEED. SPECIAL OPERATIONS DRAW AS HEAVILY ON THE TIME HONORED PRINCIPLES OF WAR AS DO CONVENTIONAL OPERATIONS, AND WE ARE WORKING HARD TO ENSURE

THAT WE ADDRESS EACH OF THOSE PRINCIPLES IN OUR PLANNING. WE CAN WORK THE ISSUES OF DOCTRINE, PLANNING, TRAINING AND INTEROPERABILITY, BUT WE DEPEND UPON THE CONGRESS TO EQUIP US WITH THE STATE OF THE ART MILITARY EQUIPMENT THAT ENSURES A WINNING EDGE.

SEVERAL MONTHS AGO, THE COMMAND COMPLETED A REVIEW OF THE VARIOUS SPECIAL OPERATIONS MATERIEL PROGRAMS. THE BASELINE WAS SECRETARY WEINBERGER'S ANNUAL REPORT TO THE CONGRESS IN JANUARY 1987. IN THAT REPORT, HE PROVIDED A CHART WHICH LAID OUT THE FORCE STRUCTURE AND EQUIPMENT CHANGES FROM 1981 THROUGH 1992. WE CONCLUDED THAT MANY OF THE SPECIAL OPERATIONS AIRLIFT PROGRAMS WERE IN TROUBLE FOR A VARIETY OF REASONS. TIMELY ACTION ON THE HILL RESTORED MANY OF THE CUTS, BUT THE REVITALIZATION OF SOF PROMISED BY SECRETARY WEINBERGER IS STILL DELAYED. THE BASIC QUESTION FOR THE MEMBERS OF THIS PANEL IS CAN WE AFFORD TO SLOW THE MODERNIZATION OF OUR SPECIAL OPERATIONS FORCES, GIVEN THEIR RELATIVELY LOW COST, AT A TIME WHEN WE FIND OURSELVES DISMANTLING THE INSTRUMENTS OF WAR AT THE HIGH SIDE OF THE INTENSITY SPECTRUM? FROM OUR PERSPECTIVE, THE ANSWER IS PROBABLY NOT, AND MANY OF YOU NO DOUBT SHARE THAT VIEW. FORTUNATELY, IT APPEARS THAT SOF ENJOYS A RELATIVELY HIGH PRIORITY WITH OSD AS REFLECTED IN THE FY 89 DOD AMENDED BUDGET SUBMISSION. YOUR CONTINUED SUPPORT OF THOSE SPECIAL OPERATIONS INITIATIVES WILL BE ESSENTIAL TO THE SOF MODERNIZATION EFFORT.

AS YOU KNOW, THE SERVICES ARE IN THE PROCESS OF PUTTING TOGETHER THEIR FIVE YEAR PROGRAMS. ALONG WITH THE OTHER UNIFIED COMMANDS, USSOCOM WAS INVITED TO SUBMIT A LIST OF THOSE HIGH PRIORITY ITEMS WHICH ARE NECESSARY FOR WAR-FIGHTING. THE COMMAND'S LIST SETS FORTH IN CLEAR TERMS THE RESOURCES NEEDED TO ACHIEVE THE BALANCED MODERNIZATION NECESSARY TO THE SUCCESSFUL ESTABLISHMENT OF THE SPECIAL OPERATIONS COMMAND WITH FULLY INTEGRATED COMPONENTS. FOREMOST ON THE LIST IS A VARIETY OF COMMUNICATIONS EQUIPMENT TO SUPPORT COMMAND AND CONTROL IMPROVEMENTS ACROSS THE BOARD. IN ORDER, THE OTHER RESOURCE PRIORITIES ARE INFILTRATION/EXFILTRATION AND COMBAT RESUPPLY; INTELLIGENCE; SUSTAINABILITY; READINESS; WEAPONRY; FORCE STRUCTURE GROWTH AND FACILITIES. AS THESE PROGRAMS TRANSFORM THEMSELVES INTO FORMAL BUDGET REQUESTS IN THE YEARS AHEAD, YOUR CONTINUED SUPPORT WILL BE VITAL TO THE PROCESS OF GAINING AND SUSTAINING THE SPECIAL OPERATIONS CAPABILITIES NEEDED FOR THE FORESEEABLE FUTURE.

IMPLEMENTATION OF LEGISLATION

THE DEPARTMENT OF DEFENSE IS WORKING TO IMPLEMENT THE VARIOUS ASPECTS OF SOF LEGISLATION THAT WERE ENACTED IN 1986 AND 1987. IN SOME CASES, THE LAW CALLED FOR RADICAL CHANGES TO THE CUSTOMARY WAY OF DOING BUSINESS. THE SPECIAL OPERATIONS COMMAND CANNOT UNILATERALLY RESPOND TO THE CHANGES. THE LAW MUST BE INTERPRETED BY THE VARIOUS LEVELS OF AUTHORITY AND TRANSLATED

INTO DIRECTIVES, TRANSFERS OF RESPONSIBILITY, MEMORANDA OF AGREEMENT AND SO ON. ALTHOUGH THE PROCESS SEEMS PONDEROUS, IMPLEMENTATION OF THE LAW IS PROCEEDING AT ABOUT THE CORRECT SPEED IF WE ARE TO GET IT RIGHT THE FIRST TIME AROUND. MUCH STILL REMAINS TO BE DONE, BUT GIVEN ADEQUATE TIME FOR THE COMMAND HEADQUARTERS TO ACHIEVE AUTHORIZED STRENGTH AND TO MATURE, SOF SHOULD BE WHERE THE CONGRESS ENVISIONED IT IN RECORD TIME.

ADDRESSED BELOW IS EACH SECTION OF THE 1986 LEGISLATION AS IT PERTAINED TO THE AUTHORITY OF THE COMMANDER OF THE SPECIAL OPERATIONS COMMAND AND HOW THE COMMAND IS PROGRESSING.

- DEVELOP STRATEGY, DOCTRINE AND TACTICS: FUNDAMENTAL TO OUR PROFESSION IS A COMPREHENSIVE, ACCEPTED AND PRACTICED BODY OF DOCTRINE AND TACTICS. USSOCOM IS CURRENTLY WORKING HARD AT REVIEWING AND REVISING JOINT SPECIAL OPERATIONS PROCEDURES WITH A VIEW TOWARD PRODUCING A NEW JOINT MANUAL FOR SPECIAL OPERATIONS BY THE END OF THE YEAR. THE AIM IS TO SET FORTH THE FUNDAMENTAL PRINCIPLES OF JOINT SPECIAL OPERATIONS, THEREBY ESTABLISHING A FRAMEWORK FOR THE FURTHER DEVELOPMENT OF JOINT TACTICS, AND STANDARDS FOR ENSURING CONSISTENCY OF INDIVIDUAL SERVICE DOCTRINE AND TACTICS. EFFORTS IN THIS IMPORTANT AREA ARE COMPLETELY INTEGRATED AND CONSISTENT WITH THE EFFORTS OF THE CHAIRMAN, JOINT CHIEFS OF STAFF, TO ESTABLISH A BODY OF JOINT DOCTRINE AND TACTICS FOR THE ARMED FORCES AT LARGE. THE SUCCESSFUL

ACCOMPLISHMENT OF THIS TASK IS ESSENTIAL NOT ONLY TO THE INTEROPERABILITY OF SPECIAL OPERATIONS FORCES, BUT, PERHAPS MORE IMPORTANTLY, TO THE INTEROPERABILITY OF SPECIAL OPERATIONS FORCES WITH CONVENTIONAL FORCES AS WELL.

- TRAIN ASSIGNED FORCES: WITH REGARD TO TRAINING ASSIGNED FORCES, THE COMMAND WILL RELY HEAVILY ON JOINT SPECIAL OPERATIONS EXERCISES, BOTH SCHEDULED AND NO NOTICE TO MEET OUR JOINT TRAINING NEEDS. A TRAINING AND EXERCISE DIVISION HAS BEEN ESTABLISHED WITHIN THE OPERATIONS DIRECTORATE SPECIFICALLY TO HANDLE THIS IMPORTANT AREA. THE DIVISION IS DEVELOPING A FIVE YEAR PLAN INCLUDING FUNDING ESTIMATES COVERING PARTICIPATION IN OUR OWN AS WELL AS OTHER CINCS' EXERCISES. WE DO NOT INTEND TO REQUEST NEW EXERCISES, BUT WILL SEEK OPPORTUNITIES TO MORE CLOSELY INTEGRATE SPECIAL OPERATIONS WITH THE CONVENTIONAL OPERATIONS OF OTHER UNIFIED COMMANDS. WE ARE ADAPTING AN EXISTING EXERCISE--CASINO GAMBIT--TO SERVE AS OUR OWN JOINT SPECIAL OPERATIONS EXERCISE.

- CONDUCT SPECIALIZED COURSES OF INSTRUCTION FOR COMMISSIONED AND NONCOMMISSIONED OFFICERS: THE TRAINING, EDUCATION AND PROFESSIONAL DEVELOPMENT OF THE OFFICER AND NCO CORPS IS BEING ACCOMPLISHED BY FOUR TRAINING AND EDUCATION INSTITUTIONS OF THE COMMAND: THE JOHN F. KENNEDY SPECIAL WARFARE CENTER AT FORT BRAGG, N.C., THE U.S. AIR FORCE SPECIAL OPERATIONS SCHOOL AND

CENTRAL TRAINING FLIGHT AT HURLBURT FIELD, FL., AND THE NAVAL SPECIAL WARFARE CENTER AT CORONADO, CA. USSOCOM IS BEGINNING STEPS TO INTEGRATE THE CURRICULA OF THESE INSTITUTIONS, WHERE APPROPRIATE, IN ORDER TO BROADEN THE FORMAL TRAINING OF SOF PERSONNEL WHILE IMPROVING COST EFFECTIVENESS. A JOINT SPECIAL OPERATIONS SCHOOLS INTEGRATION COMMITTEE HAS BEEN FORMED TO IMPROVE THE TRAINING AND EDUCATION OF SOF. THEIR INITIAL ORIENTATION WILL BE FOCUSED ON DEVELOPING A JOINT SOF STAFF OFFICER COURSE, COURSES DEALING WITH SOF MEDICAL TRAINING, MILITARY FREE FALL PARACHUTING, AND SOF MARITIME OPERATIONS.

WE HAVE PROPOSED THE DEVELOPMENT OF AN AIR FORCE SPECIAL AIR WARFARE CENTER WHICH WOULD SERVE AS AN UMBRELLA ORGANIZATION FOR CURRENTLY EXISTING USAF SPECIAL OPERATIONS TRAINING AND TESTING ACTIVITIES WITH RESPONSIBILITY FOR THE DEVELOPMENT OF TRAINING AND EDUCATION; DOCTRINE, TACTICS, TECHNIQUES AND PROCEDURES; TEST AND EVALUATION OF SPECIALIZED EQUIPMENT.

- VALIDATE REQUIREMENTS: THERE IS AN ESTABLISHED PROCEDURE WITHIN USSOCOM FOR THE VALIDATION OF SOF PECULIAR EQUIPMENT, MATERIAL, SUPPLIES AND SERVICES, TO INSURE JOINT INTEROPERABILITY. THIS PROCESS WORKS IN CONCERT WITH THE SERVICES' ESTABLISHED METHODS AND IS CONSISTENT WITH THE DIRECTION OF THE 1986 DOD REORGANIZATION LEGISLATION.

VALIDATED REQUIREMENTS ARE COMPILED IN THE FORM OF AN INTEGRATED PRIORITY LIST WITH REGARD TO IMMEDIATE AND LONG RANGE SOF GOALS. AT THIS JUNCTURE, THERE IS A DIRECT INTERFACE WITH THE BUDGETARY PROCESS. THE INDIVIDUAL ITEMS ON THE INTEGRATED PRIORITY LIST ARE EITHER FUNDED OR NOT BASED UPON THEIR PRIORITY WITHIN THE OVERALL SOF MISSION AND FISCAL CONSTRAINTS IMPOSED.

- ENSURE COMBAT READINESS (INCLUDING MONITORING THE PREPAREDNESS OF SPECIAL OPERATIONS FORCES ASSIGNED TO OTHER UNIFIED COMBATANT COMMANDS TO CARRY OUT ASSIGNED MISSIONS): UPON THE ACTIVATION OF USSOCOM IN APRIL 1987, THE USSOCOM STAFF BEGAN TO COLLECT AND ANALYZE READINESS LEVELS OF ASSIGNED ARMY AND AIR FORCE SOF UNITS.

TODAY, THROUGH THE WORLDWIDE MILITARY COMMAND AND CONTROL SYSTEM INTERCOMPUTER NETWORK, THE COMMAND MONITORS THE REPORTED READINESS LEVELS OF ALL SOF UNITS--ARMY, NAVY, AND AIR FORCE--WHETHER ASSIGNED TO USSOCOM OR TO OTHER UNIFIED COMMANDS. THIS READINESS DATA IS ASSESSED BY VARIOUS STAFF DIRECTORATES--PERSONNEL, INTELLIGENCE, OPERATIONS, LOGISTICS, AND COMMUNICATIONS--WHO KEEP THE COMMAND GROUP INFORMED ON IMPORTANT TRENDS AND SPECIFIC PROBLEMS.

USSOCOM RECENTLY SUBMITTED ITS ANNUAL SITUATION REPORT TO THE JCS. THIS REPORT DESCRIBED THE CURRENT CAPABILITY OF SOF FORCES

TO CARRY OUT THE CONTINGENCY MISSIONS OF THE REGIONAL UNIFIED COMMANDS. THE SOCOM STAFF WORKED CLOSELY WITH THE STAFFS OF THE REGIONAL COMMANDS TO DEVELOP A FULL PICTURE OF SOF CAPABILITY, ASSESSING BOTH ITS OWN ASSIGNED FORCES AND THOSE FORWARD-DEPLOYED SOF UNITS UNDER THE COMMAND OF THE REGIONAL CINCS.

FINALLY, THE COMMAND IS CURRENTLY PREPARING A COMPREHENSIVE JOINT SOF READINESS STUDY AT THE DIRECTION OF THE DEPUTY SECRETARY OF DEFENSE. WITH THE COOPERATION OF THE JCS, THE SERVICES, THE REGIONAL UNIFIED COMMANDS, AND THE COMMAND'S SERVICE COMPONENTS, A GENERAL OFFICER STEERING COMMITTEE HAS BEEN FORMED TO OVERSEE THIS IMPORTANT PROJECT. THE REPORT WILL BE SUBMITTED ON APRIL FIRST, AND WILL ASSESS THE READINESS OF SPECIAL OPERATIONS FORCES ASSIGNED TO ALL FOUR SERVICES INCLUDING ARMY RESERVE CIVIL AFFAIRS FORCES, ARMY RESERVE PSYCHOLOGICAL OPERATIONS UNITS,AND THE SPECIAL OPERATIONS CAPABLE MARINE EXPEDITIONARY UNITS. THE GOAL IS TO REVIEW THE CURRENT READINESS OF SOF, ASSESS TRENDS--GOOD AND BAD--AND RECOMMEND FIXES. THIS REPORT, IN CONJUNCTION WITH THE ALREADY-PUBLISHED INTEGRATED PRIORITY LIST FOR SOF MODERNIZATION, SHOULD SERVE AS A DEPARTMENT OF DEFENSE ROADMAP FOR SOF DEVELOPMENT.

- DEVELOP AND ACQUIRE SPECIAL OPERATIONS-PECULIAR EQUIPMENT AND ACQUIRE SPECIAL OPERATIONS-PECULIAR MATERIAL, SUPPLIES, AND SERVICES: THE MILITARY SERVICES WILL CONTINUE THE LEAD IN

RESEARCH, DEVELOPMENT AND ACQUISITION WITH TRANSITION TO USSOCOM OCCURRING IN CONSONANCE WITH ASSUMPTION OF MFP-11 OPERATIONS AND THE REQUISITE INCREASE IN STAFFING. EACH OF THE SERVICES HAS A FUNCTIONING RD&A SYSTEM FULLY CAPABLE OF PRODUCING THE PLANES, BOATS, WEAPONS, AND ELECTRONIC EQUIPMENT REQUIRED BY OUR SOF. USSOCOM'S MAIN OPPORTUNITIES ARE ELIMINATING DUPLICATION BETWEEN THE SERVICES AND ACCELERATING THE RDA PROCESSES TO KEEP SOF ON THE LEADING EDGE OF TECHNOLOGY. TO THAT END, USSOCOM IS ALREADY PROVIDING PROGRAM DIRECTION TO THE SPECIAL OPERATIONS SPECIAL TECHNOLOGY (SOST) PROGRAM WHICH IS FUNDED BY THE DASD C3I. THIS ALLOWS THE FUNDING OF ADVANCE TECHNOLOGY DEMONSTRATIONS FOR SOME OF OUR COMPONENTS' MOST PRESSING NEEDS, THEREBY SHORTENING THE RD&A PROCESS BY MONTHS OR YEARS. REQUIREMENTS DOCUMENTS OF THE COMPONENTS ARE BEING JOINTLY STAFFED FOR MULTI-SERVICE APPLICABILITY AND THEY ARE VALIDATED BY USSOCOM BEFORE BEING FORWARDED TO THE SERVICES.

THE ACTING ASD (SO/LIC) HAS ENGAGED THE LOGISTICS MANAGEMENT INSTITUTE (LMI) TO DEVELOP A RD&A STRATEGY WHICH WILL IDENTIFY THE RESPONSIBILITIES AND INTERFACES AMONG AND BETWEEN ASD (SO/LIC), USSOCOM, OSD, OJCS, THE SERVICES AND THE REGIONAL COMMANDS AND THEIR SOCS. LMI WILL ALSO DEFINE THE REGULATIONS, AGREEMENTS, POLICIES AND PROCEDURES NECESSARY TO EXERCISE THE "HEAD OF AGENCY" AUTHORITY GRANTED TO USSOCOM IN THE NATIONAL

DEFENSE AUTHORIZATION ACT OF FISCAL YEAR 1988. AN ACQUISITION STRATEGY WORKING GROUP HAS BEEN ESTABLISHED IN USSOCOM WHICH IS WORKING CLOSELY WITH LMI, OSD, AND OJCS TO INSURE THAT THIS UNIQUE AUTHORITY AND CAPABILITY IS PROPERLY EXPLOITED.

SIX WEEKS AGO THE COMMAND HOSTED ITS FIRST SOF RD&A/MASTER PLAN WORKSHOP WITH REPRESENTATION FROM THROUGHOUT THE ENTIRE SOF COMMUNITY. THE FIRST LOGISTICS CONFERENCE TO ADDRESS THE CRITICAL SUSTAINABILITY AND SUPPORTABILITY ISSUES FACED BY SOF WAS CONDUCTED AT MACDILL AFB TWO WEEKS AGO.

USSOCOM IS WORKING VERY CLOSELY WITH THE SERVICES TO INSURE THAT SOF-PECULIAR REQUIREMENTS ARE BEING SUPPORTED IN THE BUDGET PROCESS. WHEN THE SERVICES' FY89 AMENDED BUDGETS WERE REVIEWED BY OSD, THE COMMAND'S APPEAL TO THE DEFENSE RESOURCES BOARD WAS INSTRUMENTAL IN THE RESTORATION OF FUNDS FOR SEVERAL PROGRAMS, SUCH AS THE MH-47E/MH-60K, THE AC-130U GUNSHIP AND THE AIRCREW TRAINING SYSTEM. THE SERVICES ARE CURRENTLY FINALIZING THEIR FY90-94 POMS AND THE USSOCOM STAFF IS WORKING THROUGH THE COMPONENTS TO INSURE THAT SOF PROGRAMS GET THE REQUISITE VISIBILITY AND SUPPORT. AS EACH DAY PASSES THE COMMAND IS MORE DEEPLY INVOLVED IN THE RD&A PROCESS, AND WE ARE TAKING ACTIVE POSITIONS ON MAJOR SYSTEMS. WE STILL HAVE SOME WAY TO GO, HOWEVER, BEFORE WE HAVE THE RD&A EFFORT FIRMLY UNDER CONTROL.

- ENSURE THE INTEROPERABILITY OF EQUIPMENT AND FORCES: AS MENTIONED EARLIER, WE ARE CURRENTLY CIRCULATING OUR SOF EQUIPMENT REQUIREMENTS AMONG THE SERVICES AND COMPONENTS TO INSURE COMPATABILITY AND INTEROPERABILITY OF EQUIPMENT. WE INTEND TO WORK CLOSELY WITH THE JOINT REQUIREMENTS OVERSIGHT COUNCIL OF THE JCS TO INSURE INTEROPERABILITY OF OUR MAJOR SYSTEMS AND A JOINT PROGRAM REVIEW COMMITTEE AND BOARD HAVE BEEN ESTABLISHED TO SCREEN PROGRAMS BEFORE THEY GO FORWARD. THE DIRECTOR OF COMMUNICATIONS (J6) CHAIRS THE SOF C_3 INTEROPERABILITY PANEL WHICH WORKS OUR PLANS AND ARCHITECTURES WITH THE DOD AGENCIES, REGIONAL CINCS AND MILITARY SERVICES TO INSURE COMPATIBILITY. OUR C_3 ARCHITECTURAL EFFORT WITH OUR COMPONENTS IS STILL IN ITS INFANCY, BUT IT IS PROCEEDING WELL WITH CONTRACTOR SUPPORT AND THE SPECIAL OPERATIONS COMMAND AND CONTROL SYSTEM (SOCACS) MASTER PLAN WILL SOON BE A REALITY.

USSOCOM COMMENCED DEVELOPMENT OF ITS THEATER INTELLIGENCE ARCHITECTURE PROGRAM (TIAP) TO SYSTEMATICALLY DETERMINE AND ELIMINATE SHORTFALLS IN INTELLIGENCE SUPPORT TO UNIFIED COMMANDS. THE UNIQUE NATURE OF THE USSOCOM MISSION SET, PARTICULARLY THE PROVISIONING OF COMBAT-READY SOF FOR RAPID REINFORCEMENT OF OTHER UNIFIED COMMANDS, REQUIRES SOF INTELLIGENCE EMPHASIS FOR EACH OF THE FIVE GEOGRAPHIC COMMANDS. THESE SOF ARCHITECTURES WILL BE JOINTLY WORKED BY USSOCOM AND THE SUPPORTED CINCS.

INTEROPERABILITY OF SOF IS HANDLED IN A NUMBER OF WAYS AND SHOULD BE GREATLY ENHANCED BY SECRETARY WEINBERGER'S ASSIGNMENT OF THE CONUS BASED NAVY SEALS TO THE COMMAND. THE AIR FORCE AND ARMY HAVE BEEN WORKING FAIRLY CLOSELY WITH EACH OTHER OVER THE YEARS, BUT THE ADDITION OF THE SEALS TO USSOCOM SHOULD ELIMINATE MANY OF THE PROBLEMS EXPERIENCED IN THE PAST.

PROCEDURES HAVE BEEN ESTABLISHED TO EVALUATE JOINT EXERCISES AND OPERATIONS FOR PROCEDURAL AND EQUIPMENT DISCONNECTS THAT PRECLUDE TRUE INTEROPERABILITY. INTEROPERABILITY IS AN ESSENTIAL ELEMENT OF EVALUATION FOR EXERCISES AND THE COMMAND WORKS CLOSELY WITH EACH SUPPORTED CINC IN THIS AREA TO INSURE THE SOF PROVIDED WILL BE CAPABLE OF EXECUTING MISSIONS WITHIN THE SUPPORTED CINC'S AREA OF OPERATIONS. THE NO-NOTICE INTEROPERABILITY EXERCISES FOR JOINT FORCES BEING CONDUCTED BY JCS ARE DESIGNED TO SEEK OUT DISCONNECTS THAT COULD ADVERSELY AFFECT MILITARY OPERATIONS OF ALL KINDS. THE COMPOSITION OF FORCES SELECTED FOR SOF OPERATIONS IS EXAMINED CLOSELY, AS EACH OF THE SERVICES HAVE ELEMENTS THAT ARE UNIQUELY QUALIFIED FOR CERTAIN SOF TASKS.

- FORMULATE AND SUBMIT REQUIREMENTS FOR INTELLIGENCE SUPPORT: NUMEROUS PROBLEMS OF INTELLIGENCE SUPPORT TO SOF EXIST. THE COMMAND'S FIRST CHALLENGE WAS TO DEFINE AND ESTABLISH THE BASIC HEADQUARTERS INTELLIGENCE CAPABILITIES. ONE KEY ACTION UNDERWAY

IS THE DEVELOPMENT OF THE SPECIAL OPERATIONS COMMAND RESEARCH, ANALYSIS AND TARGET EVALUATION SYSTEM (SOCRATES), AN UMBRELLA ARCHITECTURE WHICH WILL PROVIDE COMPARTMENTED INTELLIGENCE SUPPORT TO SOF PLANNING. SOCRATES WILL INTEGRATE EXISTING STAND ALONE AUTOMATION SYSTEMS AND PROVIDE NEW EXPERT CAPABILITIES TO IMPROVE SOF INTELLIGENCE ANALYSIS. SOCRATES WILL SUPPORT USSOCOM, ITS COMPONENT FORCES, USCENTCOM, TO INCLUDE ITS COMPONENTS, AND MAY ULTIMATELY BE EXTENDED TO THE THEATER SPECIAL OPERATIONS COMMANDS. A RECENTLY CONCLUDED AGREEMENT WITH USCENTCOM WILL ENHANCE IMAGERY SUPPORT TO THE COMMAND.

THE SECOND MAJOR CHALLENGE IS TO RAPIDLY ESTABLISH A WORLDWIDE SOF INTELLIGENCE ARCHITECTURE WHICH IS CLOSELY INTEGRATED WITH THE VARIOUS THEATER INTELLIGENCE ARCHITECTURE PROGRAMS. THIS WILL BE DEVELOPED JOINTLY WITH THE GEOGRAPHIC UNIFIED COMMANDS TO ENSURE THAT DEPLOYING SPECIAL OPERATIONS FORCES CAN PLUG IN TO THE THEATRE STRUCTURE AND RECEIVE THE INTELLIGENCE THEY NEED TO ACCOMPLISH THEIR MISSION.

THERE IS MUCH INTELLIGENCE WORK TO BE DONE. ALONG WITH THE NEAR-REAL-TIME INTELLIGENCE SUPPORT FROM NATIONAL AND THEATER COLLECTION, OUR FOCUS ON THIRD WORLD LOW INTENSITY CONFLICTS MUST BE RAISED, AS THIS IS THE ENVIRONMENT WHERE SOF UNITS HAVE THE HIGHEST PROBABILITY OF BEING EMPLOYED DURING THE NEXT DECADE.

- MONITOR THE PROMOTIONS, ASSIGNMENTS, RETENTION, TRAINING, AND PROFESSIONAL MILITARY EDUCATION OF SPECIAL OPERATIONS FORCES OFFICERS: MONITORING PROFESSIONAL DEVELOPMENT IS INSTRUMENTAL TO THE REVITALIZATION OF OUR SPECIAL OPERATIONS FORCES. THE PROFESSIONAL DEVELOPMENT OF THIS NATIONAL RESOURCE, THE PEOPLE OF SPECIAL OPERATIONS, IS ONE OF OUR MOST CHALLENGING MISSIONS. AS A MATTER OF NOTE, THE JOINT CHIEFS OF STAFF ALSO RECOGNIZE THIS AND HAVE ADDED TO THE LEGISLATED REQUIREMENTS BY EXPANDING THE SCOPE OF THIS RESPONSIBILITY TO INCLUDE NOT ONLY OFFICERS, BUT SOF PERSONNEL AS A WHOLE.

SINCE THIS FUNCTION, LIKE MANY OTHERS ASSIGNED TO USSOCOM, IS UNIQUE, THE COMMAND HAS LITERALLY STARTED WITH A BLANK PAGE. THE USSOCOM STAFF, IN COORDINATION WITH ALL THE SERVICES, IS MONITORING AND INTERACTING IN THE ASSIGNMENTS TO AND FROM THE VARIOUS SERVICE SCHOOLS, ENSURING THE SPECIAL OPERATIONS PERSONNEL ARE BEING USED IN THE BEST POSSIBLE WAY. THE COMMAND IS CLOSELY INVOLVED IN THE SELECTION PROCESS FOR THE COMMANDERS OF NOT ONLY THE COMPONENTS, BUT THE COMMANDERS OF THEIR KEY SUBORDINATE ORGANIZATIONS. SERVICE SUPPORT IN THESE ENDEAVORS HAS BEEN EXCELLENT.

THE ARMY CHIEF OF STAFF HAS AUTHORIZED THE CREATION OF A FELLOWSHIP DESIGNATED FOR SPECIAL OPERATIONS AT THE NATIONAL

DEFENSE UNIVERSITY. THE FIRST FELLOW BEGINS HIS PROGRAM IN AUGUST OF THIS YEAR. IN ADDITION, SPECIAL OPERATIONS RESEARCH TOPICS AND PROGRAMS HAVE HAVE BEEN SUBMITTED TO INTERMEDIATE AND SENIOR SERVICE COLLEGES FOR USE IN THEIR VITAL EDUCATIONAL PROGRAMS.

THE ESTABLISHMENT OF USSOCOM AND THE FORMATION OF REGIONAL SPECIAL OPERATIONS COMMANDS NOW PROVIDE ORGANIZATIONS FOR UPWARD MOBILITY FOR SPECIAL OPERATIONS PERSONNEL. INSTEAD OF A FEW LIMITED STAFF POSITIONS, SOF PERSONNEL CAN NOW EXERCISE THEIR STAFF SKILLS AT A VARIETY OF ORGANIZATIONAL LEVELS.

WHILE OUR EFFORTS TO DATE HAVE CERTAINLY NOT ESTABLISHED COMPLETE SYSTEMS AND PROCEDURES FOR MONITORING PROMOTIONS AND PROFESSIONAL DEVELOPMENT, WE HAVE STEPPED OUT IN THE RIGHT DIRECTION.

- ENSURE THAT THE BUDGET PROPOSAL OF THE SPECIAL OPERATIONS COMMAND INCLUDES REQUESTS FOR FUNDING FOR:
  - DEVELOPMENT AND ACQUISITION OF SPECIAL OPERATIONS-PECULIAR EQUIPMENT; AND
    - ACQUISITION OF OTHER MATERIAL, SUPPLIES, OR SERVICES THAT ARE PECULIAR TO SPECIAL OPERATIONS ACTIVITIES;

WE ARE WORKING ON THE SPECIFIC PROCEDURES TO BE FOLLOWED, AND HAVE ADVISED THE SECRETARY OF DEFENSE THAT WE ANTICIPATE BEING ABLE TO ASSUME RESPONSIBILITY FOR THE FY92-96 POM CYCLE, AND TO EXECUTE THE FY92 BUDGET WHICH WOULD INCLUDE PROVISIONS FOR SPECIAL OPERATIONS DEVELOPMENT AND ACQUISITION. AS A PILOT EFFORT, THE HEADQUARTER'S FIVE YEAR PROGRAM, RECENTLY SUBMITTED TO THE AIR FORCE STAFF, INCLUDED A NUMBER OF ISSUES WHICH WENT BEYOND OPERATION OF THE HEADQUARTERS ITSELF, AND INCLUDED SEVERAL JOINT SOF EQUIPMENT REQUIREMENTS.

- EXERCISE COMMAND OF A SELECTED SPECIAL OPERATIONS MISSION IF DIRECTED TO DO SO BY THE PRESIDENT OR THE SECRETARY OF DEFENSE: USSOCOM IS PREPARED TO EXERCISE COMMAND OF FORCES DEALING WITH A CRISIS, IF SO DIRECTED BY THE PRESIDENT OR THE SECRETARY OF DEFENSE. USSOCOM HAS THE FORCE STRUCTURE AND ORGANIZATION TO ENSURE A VIABLE COMMAND AND CONTROL CAPABILITY.

THANK YOU FOR THIS OPPORTUNITY TO SPEAK TO YOU TODAY. I WOULD BE PLEASED TO ANSWER WHATEVER QUESTIONS YOU MIGHT HAVE AT THIS TIME.

SPECIAL OPERATIONS EXPANSION

	FY 81	FY 88	FY 92
MAJOR SOF UNITS			
Special Forces Groups (1)	7	8	9
Ranger Battalions	2	3	3
Psychological Operations Groups (2)	3	4	5
Civil Affairs Battalions (Active) (3)	1	1	1
SEAL Teams	2	5 (4)	6 (4)
SEAL Delivery Vehicle (SDV) Teams	0	2	2
Special Operations Wings	1	1	3
Special Operations Aviation Brigade	0	0	1
Total	16	24	29
PRIMARY AIRCRAFT			
Air Force			
MC-130E/H Combat Talons	14	14	38
AC-130A/H/U Gunships (5)	20	20	22
MH-53H/J Pave Low Helicopters	9	19	41
CV-22 Ospreys (6)	0	0	6
EC-130E Volant Solos	4	4	4
HC-130 Tankers (SOF-dedicated)	0	8	31
C-141s Special Ops Low Level II (SOLL-II)	0	0	13
C-130s SOLL II	0	0	11
Total	47	65	166
Army			
MH-60X Helicopters	0	0	23
MH-47E Helicopters (Pave Low equivalent)	0	0	17
MH-60 FLIR (SOF-dedicated) Helicopters	0	16	21
M/UH-60 (SOF-dedicated) Helicopters	0	29	17
CH-47D (SOF-dedicated) (10 w/FLIR) Helos	0	16	0
UH-1 (SOF-dedicated) Helicopters	0	23	23
A/MH-6 (SOF-dedicated) Helicopters	29	54	29
Total	29	138	130
PRIMARY NAVAL EQUIPMENT			
Seafox (Special Warfare Craft, Light)	12	36	36
Sea Viking (Special Warfare Craft, Med)	0	0	19 (7)
High Speed Boat	0	0	8
Dry Deck Shelters (DDS)	0	2	6
SEAL Delivery Vehicles (SDVs)	18	19	19
Advanced SDVs	0	0	1
Total	30	57	89

(1) Includes four Reserve Component Groups.

(2) Includes only one Active Component Group.

(3) Civil Affairs Reserve Component structure is currently under review. Present structure consists of Civil Affairs commands, brigades, groups, and companies, all capstoned to overseas CINCs.

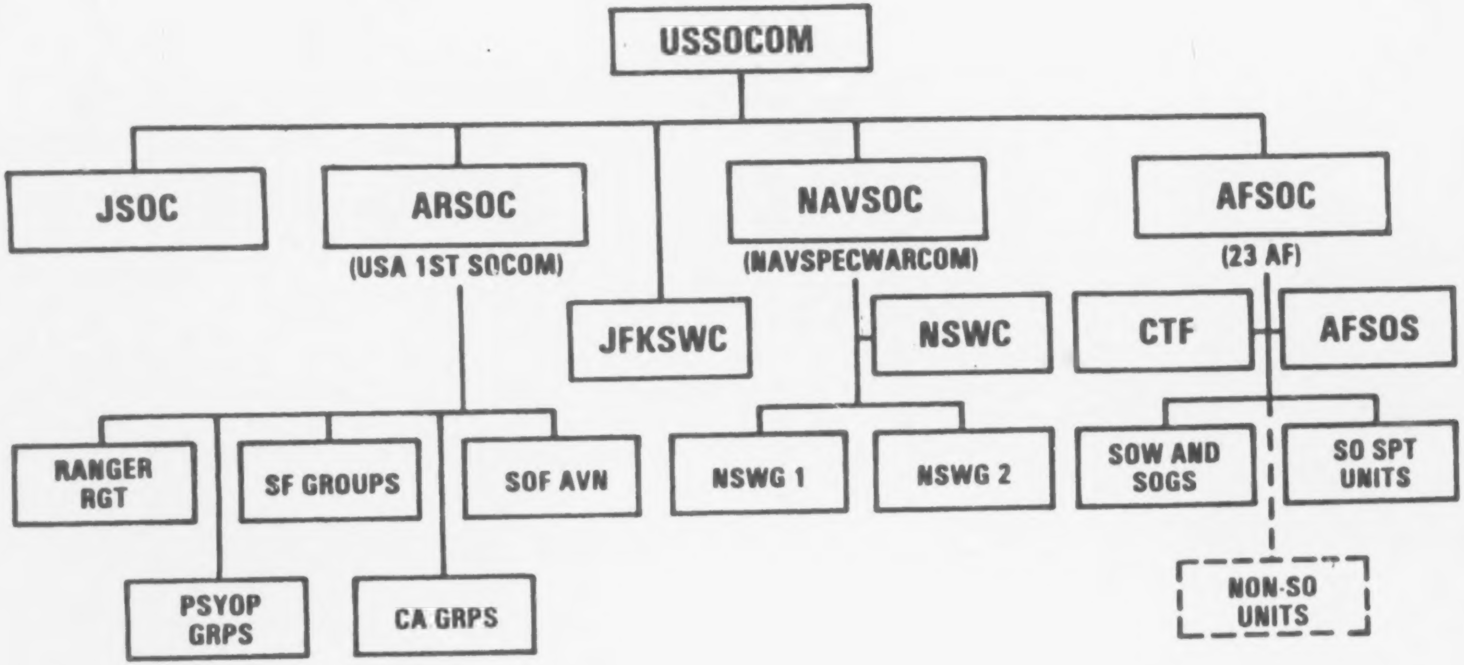
(4) Includes two Underwater Demolition Teams redesignated in 1983.

(5) Includes ten AC-130A Air Force Reserve gunships in FYs 1981-87 FY 1992 number reflects decommissioning of AC-130As and addition of 12 AC-130U aircraft.

(6) Includes programmed procurement through FY 1992. Actual deliveries will not begin until FY 1994. Total to be procured for SOF will be 55.

(7) Program in jeopardy because of contractual and configuration selection problems.

US SPECIAL OPERATIONS COMMAND


USSOCOM
JSOC
ARSOC
(USA 1ST SOCOM)
JFKSWC
NAVSOC
(NAVSPECWARCOM)
AFSOC
(23 AF)
NSWC
CTF
AFSOS
RANGER RGT
SF GROUPS
SOF AVN
PSYOP GRPS
CA GRPS
NSWG 1
NSWG 2
SOW AND SOGS
SO SPT UNITS
NON-SO UNITS

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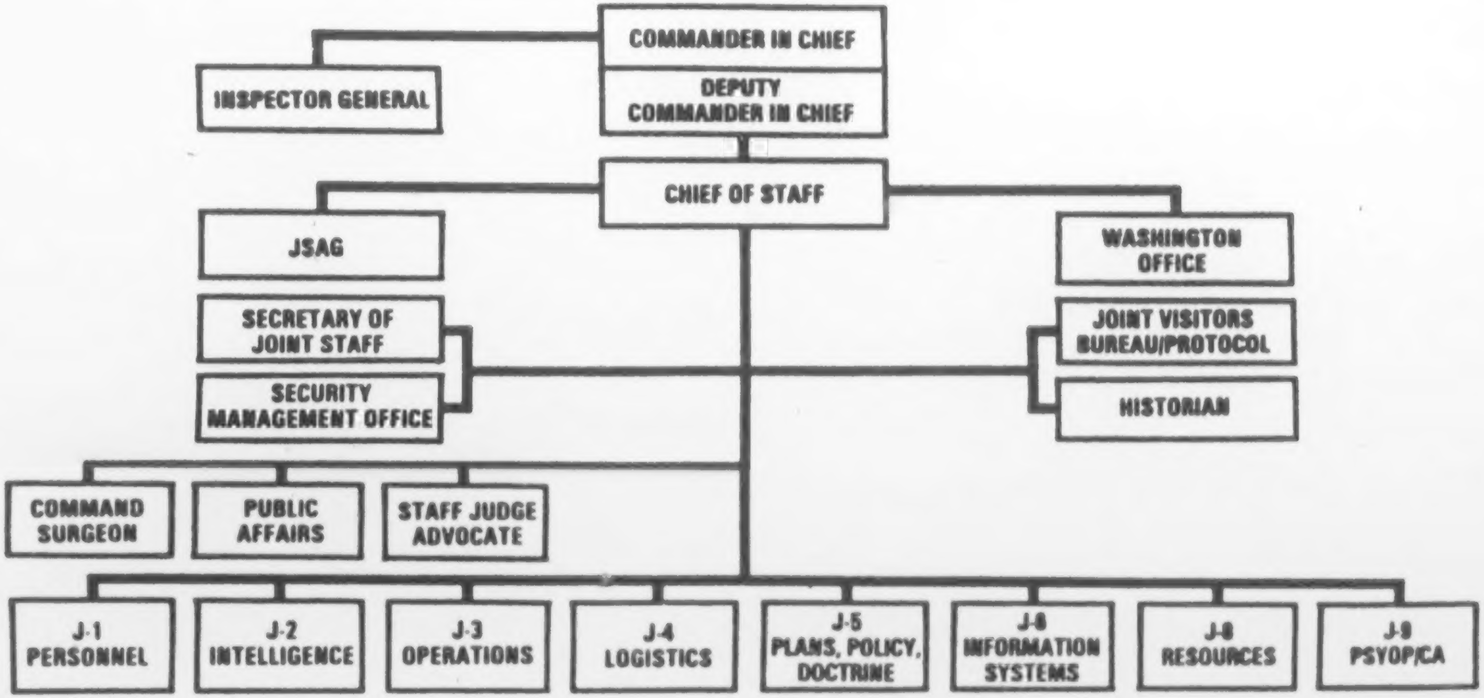
US SPECIAL OPERATIONS COMMAND


COMMANDER IN CHIEF
DEPUTY COMMANDER IN CHIEF
INSPECTOR GENERAL
CHIEF OF STAFF
JSAG
WASHINGTON OFFICE
SECRETARY OF JOINT STAFF
SECURITY MANAGEMENT OFFICE
JOINT VISITORS BUREAU/PROTOCOL
HISTORIAN
COMMAND SURGEON
PUBLIC AFFAIRS
STAFF JUDGE ADVOCATE
J-1 PERSONNEL
J-2 INTELLIGENCE
J-3 OPERATIONS
J-4 LOGISTICS
J-5 PLANS, POLICY, DOCTRINE
J-6 INFORMATION SYSTEMS
J-8 RESOURCES
J-9 PSYOP/CA

HQ USSOCOM FY 1988–89 MANPOWER AUTHORIZATION

(NUMBER OF PERSONNEL)

	PBD 689 FY 1989 REQUIREMENT	J-9 INCREASE	MILITARY-CIVILIAN CONV.	EXISTING CSE	FY 1988–89 USSOCOM (HQ + CSE) MANPOWER
ARMY	160	+7	−16	23	174
NAVY	80	+3	− 4	12	91
MARINE CORPS	10	+3	− 1	5	17
AIR FORCE	140	+5	−13	31	163
CIVILIAN	56	+8	+34	30	128
TOTAL	446	+26	0	101	573

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Chairman Nunn. Thank you very much, General.

General Crist, in your written statement you talk about the stalemate on the border between Iran and Iraq, and you say that it has been stalemated there since approximately January 1987, when a major Iranian offensive was halted.

Could you bring us up to date on what has happened in the last 15 months?

General Crist. Yes, Mr. Chairman.

Since the offensive at Basra, which was, of course, the major battle to which you referred in which the Iranians failed to take the city, the front has been reasonably quiet. There has been a lot of low level, short duration small activity, i.e., raids, probes, that sort of thing, but otherwise not much significant activity.

Many experts were looking for an offensive this year to repeat the Basra offensive of last year. In fact, as the season wore on, we saw no evidence of an offensive. This year the Iranians had significantly fewer mobilizations than last year. Further logistics preparations were much more limited.

Clearly there was not going to be a major offensive, if there was going to be an attack, it would be much smaller in scale than last year's.

The question, of course, was why? What were we seeing? And why were the Iranians perhaps not going to attack?

One of the first points, and surprising to me and to many of us, is that the Iraqis right now have more men under arms than do the Iranians, despite a larger demographic pool.

Second, the Iraqi attacks on the economic infrastructure in 1986 against the Iranians were quite effective, and the Iranian output of oil dropped to about 900 million barrels of oil per day. The Iranians now have to buy their weapons with cash, and their cash was not available in 1986 to buy for the 1987 offensive. Currently, I believe, they expended far more resources in terms of material and supplies in the Basra offensive than they expected and were not able to recoup the expenditures.

So we have not seen an offensive primarily because they do not have the wherewithal this year in terms of either material or mobilized personnel.

For your information, in the recent so-called war of the cities, the missile exchanges between Iraq and Iran, since 29 February the two sides have fired twice the number of missiles that they fired in the years 1985 through 1987. At the same time, and in conjunction with the missile strikes against Iran, the Iraqis have undertaken a very significant air campaign. They have struck something like 37 cities inside Iran. It does not get the headlines but it is just as effective.

In the gulf war, it has been reasonably calm since January-February. It has remained basically a tit for tat situation in the sense that the Iranians always respond to the Iraqi attacks. Also, weather has been bad in the gulf for most of the winter, thereby reducing the number of ship attacks. The bad weather has forced the Iranian small boats to remain in sheltered areas.

The Iraqi attacks while numerous, and including both Mirage F-1's and Badger bombers, have not been terribly effective. They have had less than 20 percent effective strikes over the period. So the war has been reasonably quiet there.

We are waiting right now, Mr. Chairman, for the good weather and the summertime to see what is going to happen next. I suspect there will be an Iranian attack, but I doubt that it is going to be a major one, and as far as the Persian Gulf goes, there are new weapons that have been evidenced. The Iranians are going to have a naval exercise on the 21st of March, and we just have to wait and see what transpires.

Chairman NUNN. You mentioned in your statement, General Crist, that the Iranian oil exports were up 40 percent higher in 1987 than they were in 1986.

Is that in price or in volume?

General CRIST. That is in total volume, total exports.

The price, as you know, Mr. Chairman, varies quite considerably. Right now, Saudi light crude is selling at $13 per barrel.

Chairman NUNN. So I thought I heard you say that they were having to import the refined products?

Does that mean they are hitting the refining facilities and stopping that better than the crude oil production? Are the Iraqis hitting that more than they are hitting the production facilities?

General CRIST. In 1986, Mr. Chairman, that was the case. They were hitting the distribution systems, the kerosene refineries and other similar facilities. In early 1987, during the Basra offensive, the Iraqi aircraft pulled back from their economic infrastructure campaign and focused on support for their own troops. Thus the Iranians had the time to repair and rebuild their economy as well as improve their export posture.

Chairman NUNN. Admiral Hays, you mentioned in your testimony that very significant strides have been made in the capabilities of the new Armed Forces in the Philippines.

Could you give us a little bit more of what has happened there?

We have gotten, as you know, I think we have talked about this, reports from people like General Stilwell who have been over there that are rather pessimistic about the lack of improvements in the Philippine military forces.

Could you give us your assessment in a little more detail?

Admiral HAYS. Yes, sir.

It is true that the Armed Forces of the Philippines has a long way to go before it becomes a truly professional armed force. Yet, the progress that has been made is heartening. Emphasis has been applied to the fundamentals—training, equipping and maintaining—doing the things that are appropriate, are necessary really to prepare troops for their jobs out in the field.

We have continued with our security assistance programs, and that, too, has been directed toward the fundamentals. With the continuing support through security assistance and the emphasis that has been placed on training, maintenance, supply functions and so forth, they are making steady progress.

Another important development I believe that is to their credit is the upgrade that has occurred in the leadership of the Armed Forces of the Philippines. You have more professionalism in the upper ranks today than was the case in the past. They are moving in the right direction, sir.

Chairman NUNN. Thank you.

Senator McCain.

Senator McCAIN. Thank you, Mr. Chairman.

I would like to thank the witnesses for being here today, and I appreciate the very informative testimony that has been provided.

Admiral Hays, thank you for appearing again, and I read your statement with a great deal of interest, and I would like to first of all, in remembering very well your testimony last year, try and get a clearer picture of your views concerning the trends here.

From your statement I got the following information: PACAF has experienced 11 percent reduction in O&M funds; Western Army command, 9 percent reduction; Fleet Marine Force, 13 percent reduction in O&M funds; Special Operations, Pacific, 10 percent reduction in funding; U.S. Forces in Korea, 13 percent reduction in O&M; Eighth Army, 13 percent reduction of O&M funding for the Eighth Army; 11 percent reduction in O&M funding for the Seventh Air Force.

All of those trends, when I compare it with your statements last year where you said that we were, if I could paraphrase, certainly not as eloquently as you do, that we were sort of on a very thin line here that we could not cross over; otherwise we would severely endanger your ability to meet our commitments and requirements.

In light of the information that you provided for in your statement and the cuts that we are now experiencing, now and in the future, I certainly am concerned, and I wonder how much you are concerned, and frankly, your statement does not indicate your concern as much as these numbers indicate.

Admiral HAYS. I am certainly concerned, Senator, about the reductions that are necessary to adjust to a lower level of funding. We have today in the Pacific, forces which are about as ready as they have ever been, and that statement applies across the board, quality of people, training, supply, ammunition and so forth.

Now, we have had to make some adjustments as you have pointed out, and in the operating account that amounts to about 10 percent across the board. We attempted to apply that reduction in ways that would not jeopardize current-day readiness.

We have, for example, reduced the flight hours, but not very much. A PACAF pilot today is going to get one less sortie per month than he did last year, and the carrier pilot in the Pacific Fleet is going to get about 2 hours less per month than he did last year. That affects readiness, but we believe that it is a contained amount of degradation that we are talking about here.

Much of the reduction in operation and maintenance came from the shore side, from shore support, and their operating accounts. We can do that without immediate impact on our preparedness to fight. If you continue that practice in future years however, there is no question that you are going to suffer a degradation in readiness, and I am afraid that while we have hung on, in my judgment, to the quality of the force we have today, we are setting ourselves up for a lesser capable force in the future.

Senator McCAIN. Well, suppose that the trends continue of further reductions in Defense budgeting along the lines, affecting you along the lines that they have in the last year and that we anticipate for next year.

How long can you continue this way?

Admiral Hays. I believe that within 12 months we will see the impact of the kinds of actions that we are taking today. And they will be adverse. I could cite, for example, the adjustments that have been made in the depot level activity. In the Pacific Fleet we are deferring the overhaul of two ships, no big deal today. We are not doing modifications to ships to the tune of about $400 million. That means that we will have to get along with what we have today. That we can do, but what we are doing is deferring to the future things that we ought to be doing today but cannot because funds are not available.

It will snowball in the future if the trends continue in that direction.

Senator McCain. Am I correct in interpreting your remarks that within a period of about 12 months you will start experiencing a degradation to your ability to carry out your commitments as you see them?

Admiral Hays. Sir, I would estimate that within 12 months the "C" ratings, which you are familiar with, and which we use to judge the readiness of our forces, will be at a lesser level then than they are today. We will not, however, be at a level that will prevent us from accomplishing our mission. We will be able to meet our mission 12 months from now. However, we will not have the same readiness 12 months from now that we have today.

Senator McCain. Mr. Chairman, I have some questions for the record, and perhaps, that I would request be submitted, and I hope we will have a second round of questions.

Thank you, Mr. Chairman.

Chairman Nunn. Definitely.

Thank you, Senator McCain.

Senator Exon.

Senator Exon. Mr. Chairman, thank you very much, and welcome to you, gentlemen.

Admiral, my questions will be basically addressed to you.

First, I wanted to thank you for the time and information that you gave us and the time you spent with us in our recent trip out to your part of the world where I think you are doing an outstanding job in dealing with lots of problems that I think are not generally understood back here with our preoccupation with the obligations of the United States in other parts of the world.

Following up on Senator Nunn's question, with the resignation in the Philippines of General Ileto—I am not sure of the pronunciation—and General Ramos taking over his position, and then a new general that I do not believe I have ever met, filling in in the old spot that Ramos had, what is your view of that as far as the further upward improvement of the Filipino forces? Anything significant about that in your opinion?

Admiral Hays. Just how significant it is I think is yet to be determined, Senator. Preliminary observations are that the change which has occurred is for the better.

I personally know the new Chief of Staff of the Armed Forces, General DeVilla. He is a bright young man who is truly professional. I predict that he will do an excellent job as head of the armed forces.

It would appear that General Ramos in his new position as the Minister of Defense has settled in and has become quite effective, and is, from all appearances, very contributory to and very supportive of Mrs. Aquino.

I think it is a plus, sir.

Senator EXON. Thank you.

There was an incident that happened off base at Subic since we were there, and I understand that some Filipino workers on the Subic base were ambushed by some guerrillas.

What is the significance with this act? Has it had any adverse effect on the people coming on and off base, or has it, if anything, solidified the great support that we seem to have from the Filipinos who live adjacent to that base, and certainly those that work on the base?

Admiral HAYS. Yes, sir, we certainly have a lot of support, sir, as you perhaps have observed from the local Filipinos in the vicinity of the bases. That incident which you described was, of course, a shocker because of its proximity to Subic. It was a matter involving an armed patrol, however. It was not civilians. It was armed troops that were ambushed, and about six of them were killed, their weapons and ammunition, and their communications equipment were taken.

That occurred in an area of known NPA activity not too far from the base.

Senator EXON. What direction from the base did this occur, this incident? North, south, east, or west, or where was it about?

Admiral HAYS. It was about the equivalent of 6 miles from the base, near one of the communities. I do not know the direction, but it was too close to the base for comfort. The troops that were killed were from the base forces, the Philippine forces that reside on the base at Subic. They were on a routine patrol.

Senator EXON. Without going into this matter in any detail, you have received some reports and findings that I made as a result of our trip. What basically is the situation up at Clark?

The last that I have heard was that terrible incident that happened a month or so before we were there, where three military personnel that worked on Clark base were killed in Angeles right immediately off base. It was obviously a well-planned attack because three people were killed by evidently three different hit squads within minutes of each other.

The city of Angeles became concerned about this and some of the local people were actually out patrolling the streets that I observed.

Has there been anything more that has happened on Clark?

Admiral HAYS. Well sir, as you know, security in the Philippines is a very serious challenge for us today. There is a lot that is going on. But as you yourself observed, we are not there yet. There is more that needs to be done.

And as a result of your observations and others, we are applying a lot of attention to the security issue. There is no way that we can guarantee absolute security of our people there. The problem is too great. We have many people living there and they range far from the security of the bases.

There is a lot that can be done, such as the construction of that security fence around Clark, which is ongoing. Incidentally, the progress on that fence is proceeding apace. It will be another 4 or 5 months before it is completed, but attention and priority is being given to construction.

There are many other initiatives. The inspector general of the Air Force, whom I talked to yesterday, is just back from the Philippines.

Senator EXON. I knew he was out there. He is back.

Admiral HAYS. The inspector general went to the Philippines, partly in response to your observations, and he tells me that he is satisfied that attention is being given to the problem. We still have things to do, but it is getting priority, sir.

Senator EXON. Admiral, thank you very much.

Mr. Chairman, thank you. My time is up.

Chairman NUNN. Thank you, Senator Exon.

Senator Cohen.

Senator COHEN. Thank you, Mr. Chairman.

I would like to direct a few comments to General Goodall, and please take these in the spirit in which I deliver them.

Senator QUAYLE. Which means watch out.

Chairman NUNN. Do you want to go into detail on what that spirit is?

Senator COHEN. I think I will. We have an annual report to Congress that was sent up here by Secretary Carlucci, and on page 277 he talks about the reorganization efforts that have taken place and also with respect to Special Forces funding, and I would like to quote. He says: "We recognize the danger to our security associated with this erratic fiscal support and fragmented management of SOF, and in partnership with the Congress we moved to institutionalize SOF."

Mr. Chairman, I would suggest that Congress was hardly treated as a partner in the reorganization, but rather as a corporate raider, and the Pentagon threw in more poison pills than I can imagine never to ward off a corporate takeover than the reorganization of the Department of Defense, including SOF.

And I mention that, General, because perhaps it was just a slip of the tongue, but I think you indicated that some aspects of Goldwater-Nichols remain contentious, but in the final analysis the law prevails. And I think it is just the reverse.

It is not in the final analysis the law prevails. It is in the first analysis that law prevails, and that has been the problem that we have had all along with the fight to implement this, with every tactic that could be imposed and utilized to, in effect, diminish the efforts of trying to reorganize SOF.

So it is not for your benefit, but rather for the benefit of those who may be listening at the Pentagon. Not the final analysis, the first analysis, what the Congress has, in fact, mandated with respect to SOF.

You are required to do certain things. You are required to set up a program budget proposal that shall include development and acquisition of special operations peculiar equipment, the acquisition of other materials and supplies and services that are peculiar to special operations. That is in the 1987 DOD Authorization Act.

So it is a mandated thing, not simply one that we would wish that you would carry out, or you and General Lindsay or the other services.

I mention this because you listed the three things that you are really required to do: communications, mobility, and intelligence. The first question I would ask you is, how many rotary and fixed wing aircraft do we have now dedicated to special forces capabilities, as we did in 1980 when we conducted the Desert One operation? Do we have more or less?

General GOODALL. We actually have less available at this time, and I think you know that the modification program is eating into military capability, while they come out as a better kind of machine.

Senator COHEN. We have less, and I understand that the Air Force also recommended a 33.5 percent reduction in the budget for SOF this year, did they not?

General GOODALL. That is true sir. And in my statement I covered the fact that the budget had been restored, as a matter of fact.

Senator COHEN. Due to the civilian influence in that particular respect. But the Air Force wanted to eliminate 33.5 percent of the budget dedicated to airlift.

What would that have done with respect to the AC–130 gunship?

General GOODALL. The AC–130 gunship was a specific case in point that was late in getting resolved.

Senator COHEN. The Air Force would have zeroed it out, right?

General GOODALL. Yes, sir.

Senator COHEN. I guess the question I have is, what do you have to do to persuade the Air Force that the Congress is serious about increasing your capability?

General GOODALL. I think, sir, the statement you made in asking your question this morning, would not go unheard. But I would really like to, if you would allow me, return to my own statement, "that in the final analysis," I think it is important for all of us to note that when legislation is enacted, especially in the case of our command, that someone in the world was supposed to be doing or was doing all of the things that you told us to do.

And it is not really humanly possible to just throw a binary switch and have that all reversed. We are scrappers by our nature, and we have fought and we have fought diligently to do the things which we thought the Congress needed to have done or wanted to have done and said should be done.

And I think that we are making very good progress in that regard. When I said in the final analysis, I meant that whenever you pass a law, sir, there is debate about what the law means, frequently. And if there is not room for debate, there is often still debate. And that is what I had reference to.

We are carrying out the mandate of the Congress and we are doing it with dispatch and at about the right speed in my opinion.

Senator COHEN. I do not think there is any ambiguity in the mandate of the law at this point with respect to the Special Forces Command. I think it is very clear in terms of what Congress intends and has said.

And again, this is not directed to you, but to those who hopefully are listening in the Pentagon. I would point out, for example, that

Noel Koch, who is a former top official within the Pentagon, said it took 17 years for the Army to develop and acquire a new radio for special forces, and by the time they acquired it it was already obsolete.

And none of us want to see that take place with respect to communications equipment or anything else dealing with the special forces.

If I could, Admiral Hays, turn to you for a moment, and say I wish that I had occasion with Senator Exon to visit you at your base of operations. Unfortunately, Senator Nunn and I were in a different part of the world where it was a little bit colder, over in Moscow.

But I would ask you about the DDG-51 destroyers. Apparently we budgeted for three for the next fiscal year. I am told the Navy would like to see at least five. What would the production of only three do to your plans for anti-aircraft protection?

Admiral HAYS. The DDG-51 is a replacement program that is awfully important to maintaining our maritime superiority. The reductions that have been made were made in order to accommodate, as you well know, to the budget constraints.

It is an important program. It is necessary that we get on with that program.

Senator COHEN. All right. The C-17 is now starting to come on line. What about getting fuel for the aircraft? Does maritime sealift play any role in getting fuel in response to accommodate the C-17?

Admiral HAYS. Yes, sir. Most of the fuel that is used by the C-17 will be transported by sealift.

Senator COHEN. By what? Non-existing tankers?

Admiral HAYS. By tankers, hopefully that will be available to us. As General Crist mentioned, we have some deficiencies in strategic sealift. We are going to be short of our midterm objective in sealift. That is of great concern in the Pacific especially, because of the vast distances that you have to operate in there.

Senator COHEN. I just want to make the point that when we talk about airlift capabilities, we tend to ignore the fact that sealift is equally a part of that component.

Admiral HAYS. Absolutely.

Senator COHEN. Thank you very much. My time is up.

Chairman NUNN. Thank you, Senator. I must say, I agree with Senator Cohen's major point, that Congress focused on this matter of special forces and equipment and so forth with a great deal of care and detail. It was not done in a cavalier manner, and we really do expect it to be carried out.

So I am not, again, directing that at you, General, but to those at the Pentagon. We think this is one of the highest priorities, and we also believe it is where our forces are most likely to be judged in the next several years, and perception is a very important part of deterrence.

So it goes beyond simply equipment. It goes to the whole essence of deterrence.

I believe that, Senator Quayle, you are next.

Senator QUAYLE. Thank you, Mr. Chairman.

Admiral Hays, I would like for a moment to focus on the Iran-Iraq conflict, and particularly the recent firing of ballistic missiles by Iraq into Tehran. Those missiles I understand had a range of, is it, over 500 kilometers? Do you know what the range of those missiles were that were actually fired?

Admiral **HAYS**. I believe General Crist should answer.

General **CRIST**. About 600 kilometers, sir, 573 to 600.

Senator **QUAYLE**. About 600 kilometers. And they got those missiles, not from the Soviet Union, but from North Korea, is that correct?

General **CRIST**. The exact source of the missiles I do not know. I have not seen the missiles that were captured. In the reports I have seen the Iranians have said that the unexploded missiles found in Tehran had Russian markings on them.

The Russians, of course, have admitted publicly that they did indeed provide Iraq with the Scud B missile.

Senator **QUAYLE**. So the reason I am curious about this is twofold. One, as you look at the INF and the limitation of 500 kilometers, we now see in Iraq where they fired a missile that has a range of over the INF limitation.

Also, I think you will find out that it is not too difficult, I presume, to modify that Scud to get that kind of range, that when they were initially sent to North Korea, at least the public information that has been presented, it did not have that range, that they were modified by Korea and perhaps even transported with the help, according to public reports, of Egypt to get to the 600 kilometers.

Is that your understanding as well, that it was modified? They are Soviet weapons in origin, but they go through North Korea, and the fact that they were modified to get that 600 kilometers capability?

General **CRIST**. Senator, it is not my understanding, and I may be incorrect, that they went through North Korea.

Senator **QUAYLE**. What is your understanding?

General **CRIST**. We believe they were provided by the Soviet Union directly to Iraq. As you know, about roughly 24 percent of the Soviet military foreign arms output goes to Iraq, so they are certainly a major supplier of Iraq.

The missiles were clearly modified. However, there is a serious discussion inside the intelligence community as to precisely what was modified. Some assert that the warhead size was reduced to provide the extra range and make it a ballistic missile at the very end of its range. That may be so because the explosions of the missiles when they hit Tehran were less devastating then would be expected.

There is another school of thought that says the Iraqis modified the boosters to add additional fuel. There is some question about that, as to what it does to the ballistic stability of the missile. But suffice it to say, Senator, that one way or the other that missile was modified to give it the extra range.

Senator **QUAYLE**. Was it modified in the Soviet Union or Iraq, or do we know?

General **CRIST**. We believe it was modified in Iraq. By whom we do not know.

Senator **Quayle**. So it is very easy to take a missile, say within the INF limits, transfer it to a third country, which would be, if we had the INF Treaty, which we eventually will, would be treaty compliant, and then it is very easy, as Iraq has proven, to modify that?

General **Crist**. It clearly can be modified, Senator.

Senator **Quayle**. Now, what kind of a threat does a more accurate ballistic missile with that kind of range have, particularly to say our ships in port? Is this a threat, a potential threat you are concerned about?

I mean, they are not terribly accurate now. But if they do get additional accuracy to be able to hit some of our ships in port, is this a concern that we ought to have?

General **Crist**. At the moment I am more worried about a forward deployment of the Silkworm missile system, which has an active seeker head. Right now the Scud is a little bit like the V-1, V-2 missiles over London in World War II. It is a "to whom it may concern" weapon, and the accuracy cannot be greatly increased.

On the other hand, either a Styx or a Silkworm, which has both a radar seeker and an infrared variant in the HY-4, would certainly present a great deal of problems to us.

In the case of the Scud the concern of the Arabs as expressed to me is in the context of the "War of the Cities." Like what is happening in Tehran now. If Iran decided to position some of its missiles and fire them at, say, Kuwait or the United Arab Emirates, the effect on the populace would be the same as we are seeing in Tehran: some panic and perhaps resentment toward the government that they could not defend the country.

Senator **Quayle**. Is this proliferation or potential proliferation of third world ballistic missiles, is this a concern? And if so, a high concern or just something that they are going to use that does not affect us that much?

General **Crist**. Senator, it has to be of concern, particularly in my region, which is composed almost exclusively of Third World nations, as is a good part of Admiral Hays'. If a nation introduces missiles, and presumably it could get more modern generations of missiles—the Russians and Chinese are quite prolific at providing them—then we begin to see threats to countries friendly to us, those who are our allies and have been in coalition with us.

We then have to be concerned about their individual security and with raising the level of potential violence in the entire Third World.

Senator **Quayle**. Well, what are we doing about this potential increase of ballistic missiles threat from the defensive capability requirements? What are we looking at?

General **Crist**. From our own standpoint, our missiles can handle the missiles that have been employed so far. Our ships can do very well at that.

Senator **Quayle**. We can handle what is deployed now?

General **Crist**. That is correct. Our current systems can handle what is deployed now.

Senator **Quayle**. What about deployed in the future, where you get better accuracy and upgrades and more sophistication?

General CRIST. I guess my response to that, Senator, would be that we have continually upgraded our systems to defeat the kinds of missiles that we have seen.

So far we have been able to do that effectively and keep track of the systems that are coming in. Clearly one can be surprised, as we were surprised with the Scud against Tehran. That was not forecast. It surprised us all.

But I think on the U.S. side we are doing a reasonably good job of keeping up with these kinds of systems. The people that cannot keep up with it, of course, are the Third World nations, just those nations against whom they may well be employed.

Senator QUAYLE. Let me shift to another topic, and that is the conventional cruise missile, sea-launched. The requirement that we have in the Navy and do you see its mission being defined as particularly one that would have an accuracy of say from zero to three meters? Are we moving in that direction, and is that a priority? Or where do we stand?

Admiral HAYS. Indeed, we are moving in that direction, sir. We have the accuracies that you describe today. We have a very accurate sea-launched cruise missile. The introduction of that missile into the inventory has made a tremendous difference so far as our tactics are concerned.

In the case of the Scud or a similar type missile, I would point out that it is a very big assumption that the Scud missiles, or other ballistic missiles, will ever be brought down to the accuracy that is necessary to hit a ship at sea.

Senator QUAYLE. How about ships in port?

Admiral HAYS. Ships in port perhaps.

Senator QUAYLE. I am thinking more of that. The ballistic missile threat is more ships in port and larger targets, rather than an Exocet or Silkworm missile at sea. And I think with a range of 600 kilometers, if they can get that now, that is my concern.

Admiral HAYS. Well, today, as you know, the missiles that are being fired have a circular error of probability of two to three kilometers.

Senator QUAYLE. I am assuming improved accuracy. I mean, you know, we did not expect the Scud to be launched from Iraq to Iran, and maybe we might not expect the potential accuracy.

And if we get that, I am just concerned that we are looking at some ballistic missile defenses on how we are going to be able to protect some of our ports. I think this is an emerging threat, clearly, the proliferation of ballistic missiles in the Third World, that we ought to examine.

Admiral HAYS. Yes, sir. I certainly would not totally exclude the possibility of getting an accuracy that would present a really serious threat from a conventional ballistic missile. It is not there today and we do not see it in the offing today, that kind of accuracy.

Senator QUAYLE. Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Quayle.

We have all finished the first round, I guess.

I would like to ask each of you about special access programs. We know that you have increased input, and we are gratified by that, to the Defense Resources Board on normal programs. What about on special access programs, either beginning the program or terminating the program or making major adjustments?

Do you all as unified commanders have any access to those programs, and do you make any recommendations to the Defense Resources Board? Admiral.

Admiral HAYS. Sir, I might lead off by saying that we have access, but it is on an ad hoc basis. I believe that there is not the formal procedure that is appropriate to keeping the unified commander up to date, fully informed on the special access programs.

We need to work out some arrangements wherein the unified commander is more aware of what is going on than is the case today. I think that the problem is recognized, but it has not yet been solved.

Chairman NUNN. General Crist.

General CRIST. Mr. Chairman, access to special access programs in my experience depends a lot on the particular program. In the case of Southwest Asia, for example, we have several intelligence programs that have been of direct concern to me.

Normally I am not given access routinely to those programs unless I field a specific requirement which means my requirement fits that program or is folded into that program, in which case they usually get meshed. I have no direct input, however, into the genesis, funding, or direction of some of those programs. They are most often service-controlled or other agency-controlled, rather than CINC-controlled.

So I agree with Admiral Hays that we need a more regularized way to make input and play inside those programs.

Chairman NUNN. Thank you.

General Goodall.

General GOODALL. Yes, sir. Our situation is just a little different, inasmuch as the service R&D programs which are compartmented are things we do not see a need to know much about and we do not.

But one of the missions of the Command initially that we set for ourselves was to go out and police up all the classified compartmented things that were going on in special operations, and we have done that pretty well, I think. And today I believe that we probably participate adequately in the compartmented programs of the services.

But as General Crist said, they are service-controlled programs and access often depends on the service's willingness to inform me that something is going on in the first place, and then allow you to participate in the second.

So I would associate myself with their remarks that some institutionalized process needs to be established whereby the CINC's in fact might even generate a compartmented program from time to time.

Chairman NUNN. Thank you.

General Crist, I would like to start with you on a question about the reorganization. A lot of different thoughts and ideas have been put forth about how your Command should be structured.

We have had allegations from former officials that the Defense Reorganization Act has fouled up the command structure in the

Central Command in the Persian Gulf. Do you note that? Has that been the case?

It was our intent to give you and the Secretary of Defense more flexibility in setting up the command structure. Could you comment on that?

General CRIST. Are you suggesting, Mr. Chairman, that there has been some testimony that the Goldwater-Nichols Act has fouled up Persian Gulf Command arrangements?

Chairman NUNN. The former Secretary of the Navy wrote in the Wall Street Journal that that act had fouled up the command structure out in the Persian Gulf.

General CRIST. If anything, sir, I think it gave impetus to allowing us and the Secretary of Defense to come up with effective command and control lines. It made for more efficient operations. It allowed Admiral Hays and me to operate closely in overcoming some of the bureaucratic hurdles that might have existed, such as lines of authority and things like that.

I do not know what the Secretary of the Navy said, sir, but certainly I would not agree that the Goldwater-Nichols Act has been an impediment to our activities.

Chairman NUNN. The intent of the act was to give you more flexibility and let you have more options to decide. We backed away from any kind of detailed instructions and rather gave more flexibility. And I would assume that that is what you are reporting has been done.

General CRIST. Yes, sir.

Chairman NUNN. Admiral Hays, have you got anything to report on the Reorganization Act and its implementation since you were here last? Anything developed? Anything one way or the other, good or bad?

Admiral HAYS. I had some positive things to say about the Reorganization Act last year, sir, and I can verify that those positive comments were well founded. The progress and implementation of the Reorganization Act has continued, and I think that it provides today an excellent balance between the interests of the unified commanders or the war-fighters and the people here in Washington who have the responsibility for the longer range programs for the military.

There is a good dialog ongoing. I think it is healthy.

Chairman NUNN. Thank you.

My time has expired. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I want to again say that I think your testimony is excellent. I believe that we need to emphasize more net assessment. I think it is important for this committee to recognize not only what United States commitments are, but what are the threats and in what ways that threat is changing and to what degree it presents new challenges to our ability to defend our national security interests.

And along those lines, Admiral Hays, it is my information that the Soviets have increased their fleet activity and also that they have made some very strong efforts to ally themselves with or make agreement with some of the small island nations or groups in the Pacific, such as Kiribati, Tonga, Fiji, and others, which have traditionally either been ours physically or we have had a very close relationship with.

Could you tell us a little bit about that aspect of the strategic situation?

Admiral HAYS. Yes, sir. Senator, you are absolutely right, the Soviets have been busy in the Pacific. And it is rather curious that Mr. Gorbachev in Vladivostok in 1986 proposed just the reverse. He proposed that we limit forces, military forces in the Pacific, and that we agree to limit the operational activities of our military forces.

In the meanwhile, the Soviets have continued to build their military force structure throughout the Pacific. The most dramatic build-up has been in the maritime area. The Soviet Pacific navy has continued to be upgraded with submarines and cruisers, with Backfire bombers.

The land forces have been upgraded so far as their mobility and firepower is concerned. Introduction of new fighter-interceptor aircraft has also occurred and is continuing to occur today.

Now, in addition to those purely military activities, the Soviets have also picked up the pace diplomatically and to an extent economically. Their focus has been on the South Pacific.

They have made a couple of successes there, as you have indicated. They have contracted for fishing rights and paid amounts of money that were not justified by the prospects for catching fish. The objective is to establish a presence, I believe, in the South Pacific.

You see ambassadors, Soviet ambassadors, ranging in the South Pacific today in areas where you did not see them before, and they are coming with offers of trade and aid and assistance of various kinds.

It is clear that the Soviets intend to become a Pacific power and they are doing the things today that are appropriate to that power status.

Senator MCCAIN. Admiral, I appreciate very much your spirited defense of the Japanese contribution, and the fact that they are going over 1 percent of gross national product for the first time is certainly a significant breakthrough over what had been an invisible barrier.

But I think the fact remains that the American people—and we have seen this in the Presidential campaign—are very dissatisfied, and one of the reasons is in my view because, at least my information is, that over 60 percent of the oil that we are now protecting flowing through the Persian Gulf goes to Japan, not to the United States.

And I am also concerned about the fact that their economic assistance is not only very small in comparison to any other industrialized western nation, but it is also used in such a self-serving manner, quite often to capture markets.

And I would suggest that, although indeed the Japanese make significant contributions, there is an enormous amount more they can do, particularly in the area of economic assistance. And I hope you would examine that aspect of their contribution as well as simply what they are doing as far as military is concerned.

And also I would be interested in your view as to what year they will be able to meet that commitment of defending the islands within 1,000 nautical miles.

Admiral HAYS. Sir, I agree that the Japanese can and should do more by way of their own defense. They are doing a great deal now, as I cited in my statement. Today you find that the Japanese have a truly first rate self-defense force.

It has been growing in capability very rapidly. I believe that the commitment which they have assumed to protect the sea lines of communications up to 1,000 miles will be a commitment that they can fulfill within the next 5 to 6 years.

Contingent upon fulfilling that commitment is the acquisition of the Aegis cruiser, a proposal that we have before the House at the present time. The Japanese, or anyone else, simply cannot establish adequate air defense in today's environment, with today's threat, short of a system similar to the Aegis system.

They need it. We need for them to have it because they contribute in significant measure to our own security posture in the Pacific. And I heartily endorse our sale of the Aegis cruiser to the Japanese from the perspective of security.

In the case of economic assistance, clearly they could do a great deal more. But I would point out, sir, that as recently as last December in Manila the new Prime Minister, Takeshita, made a commitment to the ASEAN countries to provide up to $2 billion in economic assistance of various kinds.

And that is an effort that is ongoing. That will be very significant.

Senator MCCAIN. Thank you, Mr. Chairman. I just have one more question. My time is up.

Chairman NUNN. Why do you not go ahead and finish.

Senator MCCAIN. Thank you, Mr. Chairman.

General Crist, I also am concerned about the situation of the chain of command in the Persian Gulf. I know that efforts have been made to try and clarify the situation. People that I know in the military say that we probably would not have the difficulties we had when we lost Lieutenant Goodman and his pilot if the decisionmaking process had been more clearcut.

Perhaps so that the laymen can understand what happens here, tell me a scenario. What happens if the President of the United States decides that we will launch a raid into any of—say hypothetically into Lebanon, from a carrier based in the Persian Gulf?

What happens after that?

General CRIST. Senator, could I suggest a raid into Iran, since Lebanon is not in my region?

Senator MCCAIN. See, that is one of the problems that bothers me a little bit. But go ahead. Let us say Iran.

General CRIST. In the Lebanon case, I am sure the European command would have the whole thing.

In my particular case, as you are aware the carrier *Enterprise*, which is in the north Arabian Sea, as well as the naval forces inside the gulf, as well as the air forces in Saudi Arabia and the army supporting forces are now all under one joint command. One commander has all the striking forces, plus reconnaissance, and other supporting forces.

Should a decision be made to conduct some sort of a retaliatory operation, similar to the destruction of the Rashadat Platform which is probably as good an example as any, the Secretary of Defense, the Chairman of the JCS, and the President conferred. The Chairman called me and said that we are going to do this, give me your recommendations.

I called immediately to the commander on the scene, the joint task force commander.

Senator McCain. That is a naval commander?

General Crist. A naval two-star admiral. I asked him for his recommendations.

He gave me several possible courses of action. I reviewed them and then called the Chairman with my recommended courses of action for his consideration. The next thing I knew, I got a call back from the Chairman saying: Here is what we want you to do. I called my commander out there and told him to finalize the plan and do it.

It was just about that short a process, Senator.

Senator McCain. Do you have any comments, Admiral? You look intrigued by that scenario.

Admiral Hays. Well, I agree with General Crist, there are no residual issues, turf issues, between those two adjoining Unified Commands. The system is organized properly and is working properly.

Senator McCain. Thank you.

Thank you, Mr. Chairman.

Chairman Nunn. Thank you, Senator McCain.

Senator Stevens, we are delighted to have you with us today as a key member of the Appropriations Committee, and, in particular, the subcommittee dealing with this military budget. We have got three of our commanders in chief here, and if you have any comments or questions, we are about to run out of questions. I have a couple more, but I will defer to you if you have any.

Senator Stevens. Thank you, Mr. Chairman. I have one question of the General.

I say hello to my other friends there. I have just visited Admiral Hays in Honolulu just last week, so we do not need to have a discussion today.

And I would leave you with a copy of the report that the Appropriations Committee members filed, General, on our trip to the Persian Gulf. When we were there we found that the local people were not supporting the effort in the way that might be expected.

For instance, we were told that there was artillery on an island there right off of Kuwait, where they have the ability to spot the launches of the Silkworm missiles, and they have not yet retaliated against the emplacements from which the Silkworms have been fired at the vessels that we guard coming up through the gulf.

Second, we were told that the Saudis in fact have a series of minesweepers that have not been committed to that operation yet.

Could you comment on either one of those issues yet that perplexed us?

General Crist. Things are moving along a little bit better since you were out there, Senator. The Hawk missile batteries have been moved out to Faylakah Island, which were not there earlier, to protect the key oil export targets. Also the radar reflectors, that we designed for the Kuwaitis and they purchased as passive defense against missile attacks have now been deployed in fact in the last attack by a Silkworm, they worked as advertised.

Senator STEVENS. Did the battery of Hawks fire against the Silkworm emplacement?

General CRIST. The battery of Hawks acquired, locked on, but failed to fire on the Silkworms. I understand the young lieutenant who was in charge of the battery is now being court-martialed.

But the reflectors did the job the missile missed its target and hit the reflectors.

Similarly, the radars along the coast are now being emplaced. The Kuwaiti navy has now gotten together with the Saudi navy and is conducting joint patrols. That is very recent, perhaps in the last month.

Defenses on Bubiyan Island have been increased. The difficulty, of course, with hitting the Silkworm sites on the Al-Faw Peninsula is that the Iranians have moved them a little bit out of range from anything that the Kuwaitis have. The Iranians haven't fired any recently, i.e., since their last failure.

On the other hand, the Iranians are now using long-range artillery to fire at the Kuwaiti shore. The Kuwaitis do not have anything in their inventory with which to respond.

Regarding the Saudis, they are now out patrolling all the way up and down the coast to the vicinity of Abu Musa, close to the Strait of Hormuz, with at least one frigate out at a time. They have begun to run patrols near our mobile sea bases to assist in protecting our forces.

Their minesweepers have started to work the inner channels, i.e., those channels closer to their shores in an effort to keep them clear of mines.

All the countries, as a matter of interest, from July 1987 through January 1988 have supplied about $27.9M, in tangible products and services for the United States forces engaged in the operation.

Chairman NUNN. How much was that?

General CRIST. About $27.9 million.

Senator STEVENS. Mr. Chairman, I do not know if you have seen our report. I will be happy to leave a copy with you.

This one area perplexes me, because the information we had was that the Kuwaitis had observers and they had artillery on the island. Neither of us recall the name of the island.

General CRIST. Bubiyan, sir, is the closest one to Al Faw.

Senator STEVENS. It is the closest one over there, yes, toward the other shore.

And that they actually do observe the setting up and the launching of the Silkworm, but they had failed to try and knock out the Silkworm emplacement at the time. And of course, the Silkworm launching apparatus was disassembled, as I understand it, and moved immediately after the launch.

General CRIST. That is right.

Senator STEVENS. But you indicated that is not your information?

General CRIST. My information was that they did not have artillery in position on Bubiyan Island which could have reached the missile positions. Also that the observation tower, which should provide vision, in fact had a pair of binoculars that were broken. We, of course recommended they be replaced, obviously.

The biggest and best defense that we have suggested, and they have responded to is anti-missile defense passive and active and layered.

The question as to whether they could range those Faw sites remains open due to the artillery's capabilities and the relative positions of the guns and the launch sites. However, the Iranians have not fired lately, Senator. So what one could do about it remains moot.

Senator STEVENS. We estimated in our report that there is an estimated $180 million in increased cost for the Navy operation in the Persian Gulf, based upon our inquiries that were made there and here. Now that a battleship is scheduled to be withdrawn, is there a revised estimate of the cost for the operation in the Persian Gulf, and have you determined to absorb that in fiscal 1988?

General CRIST. Yes, sir, there are revised estimates now. Just to give you a range, the highest month was August at $41.42 million. January was $8.98 million. And we are estimating February—these are operating costs—at $9.35 million.

So after February we should settle down to about $8 million a month, and it will average out, if you take the first quarter to about $11 million.

The reason they are down, of course, is we are beginning to realize the direct contributions by Gulf States and we had a lot of start-up costs in 1987, as well as lower force levels at this time.

Senator STEVENS. Mr. Chairman, we had one of the most interesting nights of my life on board the *Chandler* out there in the Persian Gulf where our morale is very high and our report indicates that our general conclusion in support of the activities, but the costs were a lot higher than they had been estimated to us at the beginning, and that is why I though we ought to find out what they are going to be this year.

We will have a hearing in Appropriations later.

Are you going to absorb it, though? Should we anticipate a supplemental based on Persian Gulf operations?

General CRIST. My understanding is that after the $100 million in 1988, Defense does not plan to provide a request for a supplemental.

Chairman NUNN. Senator Stevens, have you filed a report on that trip?

Senator STEVENS. Yes.

Chairman NUNN. Could we get a copy of it, or maybe we already have one. I have not seen it.

Senator STEVENS. We will certainly see that you have it, and I am going to leave a copy with General Crist.

Thank you very much. It is a pleasure to be here, and nice to see you.

Thank you for your hospitality in Hawaii, Admiral.

Admiral HAYS. Our pleasure, sir.

Chairman NUNN. Thank you very much, Senator Stevens, for joining us this morning.

Admiral, you expressed your belief that the base negotiations with the Philippine Government will be successful, according to you, "because there is too much at stake for both the U.S. and the Philippines to have it otherwise."

I certainly agree that both countries have a huge amount at stake here, and it is in the interest of both countries to go forward constructively.

Could you tell us the status of the negotiations, their time frame and so forth?

Admiral HAYS. Yes, sir.

The plan right now is to commence the review of the agreement on the 5th of April. It is anticipated that that will run perhaps off and on for 6 weeks to 2 months.

That process will be followed by the formal renegotiation of the base agreement. I would anticipate that that will not occur until probably next year, perhaps about this time.

I do feel very strongly that there will be an agreement, although the path ahead is going to be very difficult and very trying. I would like to associate myself with the statement made by Senator Warner about alternatives. We have a lot at stake in the Philippines. There is no question about that. It is geographically located in a way that serves our purpose beautifully. But there are alternatives to that arrangement. If we lose those bases in the Philippines, we are not going to become a second rate military power in the Pacific.

Chairman NUNN. Have you done a study of alternatives?

Admiral HAYS. We have not done a formal study. We, of course, have looked continually at options, at alternatives. We have not done a detailed, credible study of the alternatives. And perhaps it is time that we got on with that.

Chairman NUNN. I think that would be helpful.

Who is actually in charge of those negotiations?

Admiral HAYS. It is our Ambassador to the Republic of the Philippines, Ambassador Nicholas Platt.

My deputy, Lieutenant General Carns, will be the military representative on that negotiating team.

Chairman NUNN. Thank you.

Senator Symms.

Senator SYMMS. Thank you, Mr. Chairman.

I am sorry I missed the first part, so I hope I do not ask something that has gone on, but just to pursue that, Admiral, what could those of us in the Congress do to help those negotiations?

You know, we are out of money here, and there seems to be a general feeling—I was just in the Philippines recently, and even one of our colleagues was over there and made what I thought was an inappropriate statement that we should even be paying more for the bases instead of less. But it appears to me that if the United States were to pull out of the Philippines, it would be a disaster for the Philippine people. We are the most stabilizing influence out there. And I think it is important for both countries that we continue our relationship with them.

What can we do to make your negotiations better out there?

Admiral HAYS. Sir, I think that you find in the Philippines today, as you have cited, an expectation that is beyond that justified by the budget prospects that we face.

That message needs to be conveyed to the people of the Philippines. There is a limit to what we can provide, and the realization of that, I believe, is not fully appreciated in the Philippines at the present time.

Now, anything that you could do to convey that message I think would be of great assistance to the negotiators. I do feel, however, sir, that we are going to have to come up with more funds than has been the case in the last 5 years. How much will be a matter for the negotiators.

Senator SYMMS. With respect to the security at Clark Air Base, are you confident that we have enough security at the base there or what is your viewpoint of how that is coming along?

Admiral HAYS. No, sir, security in the Philippines is a very serious challenge for us. We would like more. We are improving the security each day. More investments are going into things that will provide better security; the building of the fence around Clark, the alarm systems, the greater number of guards, our sharing equipment with the Philippine guards who have the responsibility for the perimeter security are all things that are ongoing, and they contribute importantly to our security posture.

I would like to see more security there. I would like to see less of a threat there than we know exists.

Senator SYMMS. Do you think it would be possible to put a battalion of Marines at Clark Air Base on a training exercise but also have operational exercises to help the local constable there like those down at Subic?

Admiral HAYS. It would be possible, yes, sir.

Senator SYMMS. Would it be appropriate? I mean, do you think we could do that politically and not have repercussions otherwise, or is the terrain just not suited like it was at Subic?

Admiral HAYS. No, I think that you could do that sort of thing as a beneficial training exercise. It would coincidentally contribute to our security posture.

I would point out that the Air Force has its on-base security organization which is a very professional organization. In fact, there are a couple of companies from that organization that are on temporary duty at Clark at the present time to beef up the present level of security.

But those kinds of exercises are certainly within our capability to do.

Senator SYMMS. Well, just the geography of Clark Air Base as compared to Subic, and then also the local Philippine forces that are supposedly the security, it just seems to me like from my observations that the Philippine Marines were a much more militarily disciplined operation than the constable or the group up at Clark, and our people were not getting the support at Clark from the local Philippine forces that they do at Subic. And then geographically, Clark is just wide open there, kind of in a plain area, and I felt very uncomfortable when I left.

Admiral HAYS. Sir, I think your observations are correct. The Philippine Marines are recognized by us and I think by the Armed Forces of the Philippines as the most professional element of their armed forces. They are as good as they have. And we have those Marines at Subic. They do a pretty credible job at Subic.

Senator **Symms**. Thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator Symms.

Senator Kennedy.

Senator **Kennedy**. Thank you, Mr. Chairman.

I apologize to the witnesses for missing their presentations. I was testifying over at the Finance Committee earlier. And I know you have got a full program.

I am looking forward to seeing General Crist and Admiral Bernsen on March 30 when we talk in our Projection Forces Subcommittee.

I just had a couple of areas that I would be interested, perhaps the panel might respond.

As I understand, the Defense Department is now in the process of trying to bring the 5-Year Defense Plan in line with the realities of the reduced budget, and in making the reductions, the Department is faced with a choice between two broad approaches, on the one hand, maintaining the planned force structure increases and make reductions in programs supporting readiness and sustainability; alternatively, DOD could forgo increases in the force structure in order to protect readiness and sustainability.

As Commanders of the combatant Commands, the operators of our forces in the field, where would you take the reductions? What programs would you protect?

Admiral **Hays**. Sir, I am aware that there is a lot of activity ongoing right now in the Pentagon to formulate the service POMs, which will lead to the 5-Year Defense Plan. Clearly major reductions are going to be necessary.

I would anticipate that the outcome will be a smaller force, hopefully with the preservation of readiness and sustainability for whatever force remains.

Now, I think I speak for my associates here in saying that we have not been involved at this point in the formulation of the new 5-Year Defense Plan. We will become involved in the spring formally with that process, and at that time we will have the opportunity to make those kinds of inputs.

But I am unaware at the present time of the preliminary decisions made which will shape the next 5-Year Defense Plan.

Senator **Kennedy**. General Crist.

General **Crist**. Senator, I am in the same boat as Admiral Hays. I do not know, obviously, what the new programs are going to look like, the 5-Year Defense Plan. From my perspective, however, as a commander who has forces in harm's way right now, and may well have to put them in harm's way, I have to say, that I want ready forces. Larger or bigger is not necessarily an attribute if they are not ready.

That of course means that from my perspective, there will be an eventual dialogue between the unified commanders and the services, vis-a-vis our different responsibilities. Their responsibilities are to raise, train, equip and provide the forces and ours to fight those forces. I think we are going to see that things like R&D, procurement, and force structure may have to be re-examined in terms of fiscal reality and in terms of our reach and grasp versus what our forces are capable of doing today.

I fully agree with Secretary Carlucci that it is better to have a small and ready force than a large and hollow force.

Senator **Kennedy**. General.

General **Goodall**. Sir, in my remarks I had pointed out that the Special Operations Forces of the United States were programmed for big reductions as a result of the budget reduction business we have been in, and most of the cuts were restored.

The Special Operations Forces have no requirements of their own. Their requirements are in fact generated by the regional CINCs who fight, and therefore, the requirements have not changed any.

It is important to note that our forces constitute about 1 percent of the DOD budget, and given the optimistic outlook that monies were restored whenever other people were being cut, I really do not see us taking any serious reductions. But if I had to pick an area where reductions might be focused, it would be in the aircraft procurement area where the large dollars really are.

Senator **Kennedy**. Let me just ask, in terms of your interventions in the budget process, how far along will the plan be by the time you get a hold of it? Do you have any comments on that?

Admiral **Hays**. The services will have developed and submitted to the Secretary of Defense their program objectives called a POM. I believe that occurs about the 1st of April. So it will be firm so far as the services are concerned.

What will not be firm is the final plan which will be a function of decisions made by the Secretary of Defense in the succeeding months, and it is during that period when the unified commanders will have the opportunity to make inputs.

General **Crist**. Senator, although we are not formally involved in the production of the service POMs, I am finding that if we knock on the door, they will answer, which has not always been the case in the past. My command is at least out looking in those service POMs trying to find out where there might be things that are going to affect the forces that are apportioned to me, and I do have an opportunity through a very informal mechanism to reclama to the services.

However, as Admiral Hays says, the formal presentation, when we are really provided the documentation, is a bit after the fact. They are locked up and we really only have a chance to either work very major issues or work at the margins.

Senator **Kennedy**. Mr. Chairman, I know you want to move on.

Could I ask General Crist just about that sealift issue?

I know you referred to it on page 49 in your testimony, and the modest improvement in the increase in the readiness plan, the container ship. But you also recognized long-term problems as a result of problems in the American maritime industry. And this obviously could have a very significant impact in our ability to meet the contingency, obviously Persian Gulf, elsewhere, where a good percentage of our tonnage moves by ship.

Is there anything in addition that you want to tell us about how we are going to address the decline in sealift capability?

General **Crist**. Senator, this is new information, as you are aware, as a result of a new study. The programs that we started back in 1980-1981 were predicated on completing the buys and the improvements by 1990 to 1993. This should have put us over the top, all the programs were formulated with that objective in mind.

Now, we have suddenly seen this unexpected drop in American sealift or effective U.S. controlled shipping. We do not have plans on the street now to address that. The plans were built on the 1980 to 1981 information. We need to now go back and have another sealift study, as we did in the earlier days, that bought us the programs that Congress has been very faithful in supporting, and decide what next has to be done. Then we should come back to this Congress and say these are the things that we believe need to be accomplished now to address this decline. We do not have that plan right now.

Senator KENNEDY. Well, Mr. Chairman, our committee will be getting into the sealift issue, examining how the responsibilities are divided between the Maritime Administration and the Navy. I am not sure another study is what is needed. It is something that has been reasonably predictable, the decline in the American maritime, since I can remember my father was the Chairman of the Maritime Commission and wrote about that in the mid thirties.

This thing has just been on a dramatic slide. We have to come to grips with this decline because our ability to deal with many likely contingencies will, to a very important degree, depend upon that capability.

We have the sealift capabilities, the hearing, I guess—what is the date of that? We would like to come back to you and talk about the results of those hearings.

I want to say we welcome all the witnesses here and look forward to going through their testimony.

Just a final point, Admiral Hays. You mentioned about the military pay raise. Do you think any reduction in the pay raise would send a poor signal?

Admiral HAYS. I certainly do, Senator.

You know, our greatest strength right now is in the quality of our people. We have got it. I am concerned that the kinds of things that are occurring are sending the wrong signal. When we freeze promotions or take away half of the tuition assistance or deny dependents coming back to school from overseas complete travel, it conveys a signal of a lack of support. They are little things that in themselves——

Senator KENNEDY. Have we been doing those? Have we done that? Are we in the process of doing those things?

Admiral HAYS. Those things that I mentioned, yes, sir.

Now, if we do not succeed in keeping the good people on board, our readiness will deteriorate. But we can keep them if they perceive that they are appreciated and that the American people are behind them, and recognize what they are contributing.

We need to send a positive signal. This 4.3 percent pay raise I think is far more significant than the dollars involved. I think it is more significant as a signal of support to our people. And even if the Congress provides a reduced pay raise, I think that you have missed the opportunity to send a signal that is needed right now.

Senator KENNEDY. Well, I think that is an important statement, one I support completely. I would like to work with you and the others with regard to a number of those other questions because I think there is a whole range of those smaller items that do not get the attention but really have an important impact, and it has been something that we have been interested in for a period of time and would like to work with you on it.

Thank you, Mr. Chairman. I appreciate it. Sorry to have been late.

Chairman NUNN. Thank you, Senator Kennedy.

I want to thank all of our witnesses today for being here. We appreciate your testimony and the information that you have given us this morning.

We value your service. And we hope that we will continue to stay in touch with you as the budget process unfolds.

Thank you very much.

[Whereupon, at 11:32 a.m., the committee recessed subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1989

TUESDAY, MARCH 15, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

UNIFIED COMMANDERS

The committee met in open session, pursuant to notice, at 2:07 p.m., in room SR-222, Russell Senate Office Building, Senator J. James Exon, presiding.

Present: Senators Nunn, Exon, Levin, Dixon, Warner, Thurmond, Symms, and McCain.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Romie L. Brownlee, deputy staff director for the minority; Marie Fabrizio Dickinson, assistant chief clerk; Kathyrn E. Bognovitz, special assistant; Robert E. Bayer, Richard D. Finn, Jr., Judith A. Freedman, Sherri Wasserman Goodman, John J. Hamre, Ronald P. Kelly, David S. Lyles, and Mark B. Robinson, professional staff members; Tiffany E. Berger, Barbara Gallo, Lori Jackson, Cindy Pearson, and Mickie Jan Wise, staff assistants.

Also present: Jeffrey B. Subko, assistant to Senator Exon; Gregory J. Weaver, assistant to Senator Levin; William J. Lynn, assistant to Senator Kennedy; Milton D. Beach, assistant to Senator Glenn; Robert K. Griffith, assistant to Senator Wirth; Terrence M. Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Mark J. Albrecht, assistant to Senator Wilson; and Samuel J. Routson, assistant to Senator Symms.

OPENING STATEMENT OF SENATOR J. JAMES EXON, PRESIDING

Senator EXON. The committee will please come to order.

Senator Nunn is feeling under the weather, or else he has decided to run for President of the United States. Whichever is the case, he is not going to be here this afternoon, so he has asked me to chair this hearing, which I am very pleased to do.

The Armed Services Committee meets this afternoon to resume its review of the amended fiscal year 1989 Defense authorization request.

In our hearing this morning, the committee received testimony from three Unified Commanders on the budget request. This afternoon our witnesses will be two more warfighting commanders.

Senator Nunn pointed out this morning that the senior military officers are responsible for the command organization, joint training, and employment of forces for armed services. For too long they have lacked all the authority they needed to carry out their demanding responsibilities.

The Goldwater-Nichols Defense Reorganization Act was designed to correct this problem. Eighteen months have passed since that legislation was enacted into law; the committee looks forward to hearing our witnesses' assessment of the progress that has been made in implementing that act, which this committee hopes has been especially helpful to you commanders out there on the front lines.

In recognition of their key warfighting responsibilities, this committee began the practice 4 years ago of inviting the Unified Commanders to testify on the annual budget request because the Defense budget should be focused on meeting the operational requirements of the combat commands.

It is appropriate that the committee hear first from these commanders. This approach enables the committee to judge how well the budgets of the individual military services meet the priorities of the unified combatant commanders.

I would like to welcome our witnesses to this afternoon's hearing.

Adm. Lee Baggett is the Commander in Chief of the U.S. Atlantic Command. Admiral Baggett will be testifying on a budget request for the third time in his current position, so he is well known to the members of the committee.

The other witness on this afternoon's panel is the Deputy Commander in Chief of the U.S. European Command, Gen. Thomas Richards. General, we appreciate the fact that you are here today testifying.

We had hoped that Gen. Frederick Woerner, the Commander in Chief of the U.S. Southern Command, would be able to join us this afternoon. Unfortunately, the situation in Panama has required him and his deputy to remain in Central America. His prepared statement will be submitted for the hearing record. His letter of response to Senator Nunn will be made a part of the record.

[Letter from General Woerner to Senator Nunn follows:]

Department of Defense,
U.S. Southern Command,
Quarry Heights, Panama.

Senator Sam Nunn,
Chairman, Armed Services Committee,
U.S. Senate, Washington, DC.

Dear Senator Nunn: Thank you for the invitation to meet with the Senate Armed Services Committee on March 15. I regret that the situation in Nicaragua and here in Panama will not permit me to appear at this time.

However, I am forwarding a copy of my opening statement for your use and possible insertion into the record should it not be practical to reschedule my appearance at a later date. Briefly, my concerns focus on:

> Understanding our vital political, social, economic and security interests in Latin America.
>
> Threats to those interests posed by 25 active Marxist insurgencies in 9 countries, the growth of Cuban/Nicaraguan main force presence and expanding Cuban/Soviet political, economic and social interests and influence.
>
> Avoiding excessive focus on the near-term issues surrounding the events here in Panama and aid for the Contras.

Our continuing presence and responsibilities in Latin America that begin with the Canal itself, but which have now expanded to a regional focus as we have committed our nation to a consistent policy of support for democracy and economic development on the hemisphere.

Support for my USSOUTHCOM military strategy of minimum cost layered force options icluding security assistance, force presence, intelligence, mobility force options including security assistance, force presence, intelligence, mobility probability conflict environment that characterizes this theater of operations.

Preventing the unacceptable choice of armed intervention at higher cost or acquiescence to a setback to our national interests through long-term, balanced and consistent U.S. commitment in the hemisphere.

Avoiding estrangement, loss of political influence, and ultimately, strategic misperceptions in the region.

I look forward to appearing before the Committee as soon as the situation here in Panama permits and invite you and members of the Committee to visit us in USSOUTHCOM.

Respectfully,

FRED F. WOERNER,
General, USA, Commander in Chief.

Senator EXON. With that, I am going to go right to the witnesses. Senator Warner will be here in about 10 minutes. We have a rollcall at 2:20 p.m., and we will try to keep the hearing going. Senator Warner very likely will have some opening remarks when he arrives in the committee room. Senator Dixon has a statement which will be included in the record.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, this afternoon we are pleased to have testimony from General Thomas C. Richards, Deputy Commander in Chief, United States European Command, Admiral Lee Baggett, Jr., Commander in Chief, United States Atlantic Command, and General Frederick F. Woerner, Commander in Chief, Southern Command. These gentlemen will offer a significant contribution to our review of the fiscal year 1989 President's defense budget.

We heard from the other unified commanders this morning on the impact of the budget reductions on the state of readiness of their commands. Their consensus opinion was that they have been able to absorb the reductions with minimum impact on current readiness and support capabilities. However, they concluded that the continuing downward trend in funding levels would seriously impact our forces in the future. As chairman of the Subcommittee on Readiness, Sustainability and Support, I share their concerns and agree with their conclusions.

The rapid growth in defense spending has ended. We have entered an era of declining Federal resources, and the rate of defense spending will not increase significantly in the foreseeable future. The Secretary of Defense, the heads of the services, and the military leadership must all learn to operate as effectively and efficiently as possible within the resource limits that must be imposed. Much of this burden falls on the commanders of our forces in the field. I look forward to the statements and testimony of these distinguished military leaders and hope they provide valuable information to help in our budget deliberations.

Thank you Mr. Chairman.

Senator EXON. So at this time I think we will start with Admiral Baggett, if you will go first with any statement you have to make. We will accept the full statement that you have made for the record, and I would ask that you summarize in any form that you see fit at this time.

STATEMENT OF ADM. LEE BAGGETT, JR., USN, COMMANDER IN CHIEF, U.S. ATLANTIC COMMAND

Admiral BAGGETT. Thank you, Mr. Chairman.

I appreciate the opportunity to again appear before your committee to review the Atlantic Command strategy, the operational deficiencies as I see them, my priorities, and to report on the progress toward implementation of the DOD Reorganization Act.

The strategy in the Atlantic Command remains one of deterrence and forward defense, and it recognizes the contribution of our NATO allies. My U.S. CINCLANT responsibilities and objectives are tied to those of my NATO command as SACLANT.

The broad objectives of this strategy continue to be to prevent the seas from becoming a medium for attack against the United States, our allies, and our friends; to protect our critical U.S. interests; to ensure United States access to our allies, our forward deployed forces, our trade partners, energy and mineral resources; and finally, to project force in support of national security objectives and to support the land battle should our efforts at deterrence fail.

To accomplish these missions, we plan to fight the sea war as far forward as possible. In order to win, we have to take advantage of geography and, by gaining control of the Norwegian Sea, contain the Soviet Northern Fleet.

Thus, it is a strategy which includes the principles of initiative, containment, and defense in depth.

With the early movement of naval forces to the North Atlantic, we plan to deny the Warsaw Pact forces, their ships and aircraft, access to the broad Atlantic and to project power ashore in support of the northern land battle in Europe.

The Atlantic Command is assigned forces from all of the services, with the apportionment of forces being dependent on the conflict, whether it is a global conflict or whether it is a regional conflict.

A dominant factor in Atlantic Command planning is the NATO alliance. Our strategy is truly a coalition strategy. If war were to occur with the Soviet Union, our success would be inexorably tied to the substantial contribution that is made by NATO maritime forces.

The Atlantic Command operational deficiencies as measured against wartime requirements fall primarily into three broad areas: force level; sustainability; and connectivity.

We lack forces in sufficient numbers to execute all wartime tasks with acceptable risk. Specifically, I am referring to early availability of adequate numbers of carrier battle groups, which is an issue that is in doubt. There are shortfalls in numbers of combatant, mine countermeasure, amphibious and combat logistic support force ships. There are shortages in ground-based forces for air defense of island commands in the Atlantic theater.

In spite of significant improvement since 1981, sustainability shortfalls remain. Navy and Air Force component shortages are primarily in preferred munitions. Army component Reserve units have an overall unsatisfactory sustainability rate.

Command, control, communication, surveillance, intelligence, and electronic warfare are essential capabilities that apply to every warfare area in peacetime, in crisis, or in war. In all phases of joint operations, these elements are needed for indications and warning and must be survivable and effective in an environment of electronic jamming and deception.

My programmatic priorities are communicated annually to the Secretary of Defense and to the Chairman of the Joint Chiefs of Staff through my Integrated Priority List submission.

My top overall priority is preservation of the gains that we have made in readiness. Our current outstanding readiness is a result of prior year funding and congressional support of personnel pay and benefits, end strength, spare parts, and maintenance programs.

There are indications that readiness within the Atlantic Command, however, has leveled off, and the positive trends of the past 8 years may likely be reversed.

People are at the heart of readiness. It takes a decade to grow a skilled chief petty officer or a tech sergeant. No level of recruiting can substitute for experience if our retention of senior people begins to erode. Retention is tied directly to family separation and adequacy of pay.

To prevent reliving the erosion of talent which took us 8 years to correct, the 11 percent fair pay differential should be quickly closed, and end strength should be funded to fully man operational units.

We cannot wait until readiness, retention, and recruiting statistics prove that our people have lost faith in our commitment to them.

My top warfighting priority is to maintain our antisubmarine capability in the face of the rapidly improving quality of the Soviet submarine threat. The incorporation of quieting in new and overhauled Soviet submarines has seriously reduced our ability to detect the Soviet submarine.

We must regain our previous margin of technological superiority. Failure to do this would place in jeopardy our ability to prevail in a war with the Soviet Union.

My top regional priority is security assistance to the Caribbean nations. Economic and military assistance provides us leverage that is disproportionate to the relatively small investment and significantly improves regional stability.

Abandonment of security assistance in the Caribbean will result in the loss of U.S. credibility, a degradation in the Caribbean security force capability, and reversal of the growing contribution Caribbean nations are now starting to make to drug interdiction.

This year in 1988, we need $11.3 million to protect the gains in Caribbean regional stability that we have made since Grenada, specifically in the years 1984, 1985, 1986, and 1987.

Regarding the Defense Department reorganization, I am satisfied with the procedures which have been adopted relative to title II command authority, including directive authority for logistics, internal organization, unit training, and the organization of forces as well as participation by the Unified CINCs in the planning, programming and budgeting system.

We are making progress with title IV, but the October 1988 implementation deadline should be extended and joint qualification criteria relaxed somewhat to provide a better balance between operational and joint professional development of our officer corps.

In summary, if we went to war today, Mr. Chairman, we would prevail at sea, but the level of risk has increased since my last appearance a year ago.

My greatest warfighting concern continues to be the Soviet submarine force, both the numbers of submarines in their inventory and their qualitative improvements. My top overall priority is continued readiness through sustained commitment to our people.

As a joint commander, I participated in the formulation of the fiscal year 1989 budget and support the overall priorities and balance that are in that budget today.

Thank you, Mr. Chairman. I will be happy to take questions later on this afternoon, sir.

[The prepared statement of Admiral Baggett follows:]

PREPARED STATEMENT OF ADM. LEE BAGGETT, JR., COMMANDER IN CHIEF, U.S. ATLANTIC COMMAND

INTRODUCTION

Good afternoon, Mr. Chairman. It is once again a pleasure to have the opportunity to appear before the committee. I will briefly review the strategy in the Atlantic Command—both from a U.S. and NATO perspective; the forces available to execute the strategy; our major deficiencies; my priorities and a brief progress report on implementation of the DoD Reorganization Act.

ATLANTIC COMMAND

The Atlantic Command encompasses the entire Atlantic Ocean, the Caribbean and Gulf of Mexico. In addition, it includes waters in the Pacific adjacent to Central and South America. With over forty-five million square miles—mostly water—it is primarily a maritime command. The Atlantic Sea Lines of Communication (SLOCs) are a major link between the United States and the rest of the world. Through this area pass most of the strategic raw materials, petroleum and finished products which are the foundation of world trade. And it is over these same SLOCs that nearly all reinforcement and resupply shipping to Europe would flow in the event of war with the Soviet Union.

Failure to keep open this link to Europe would certainly result in a Soviet victory. Regardless of how well our ground and air forces would fight, the uninterrupted flow of equipment and supplies would be absolutely essential to sustain the battle.

STRATEGY IN THE ATLANTIC

Recognizing the challenge we face in the Atlantic, both the U.S. and NATO have developed a maritime strategy based upon the principles of forward defense and containment. Forward defense, simply stated, means that in war our best means to defeat the Soviet Navy, defend the Northern Flank of NATO and maintain an unbroken link with Europe is through the early movement of naval forces to the North Atlantic and Norwegian Sea.

The advantage of forward defense is that if we are unable to deter war, our forces will be, at the outset, in position to fight and to contain the majority of the Soviet Navy in waters far north of the Atlantic sea lines of communication. If we fight there, containment is far simpler than if the Soviet Navy were able to reach the open Atlantic south of Iceland. We do not have sufficient forces to support simultaneously the Northern Flank and adequately defend shipping against a Soviet Navy deployed in large numbers throughout the Atlantic. Forward defense minimizes this numerical weakness, while at the same time capitalizing on Soviets geographical disadvantages. The Soviet road to the open ocean is narrow, fifteen hundred miles long, and adjacent to a network of NATO eyes and ears.

U.S. FORCES

To accomplish our mission, Atlantic Command (LANTCOM) is assigned forces from all services. The apportionment of forces and resources varies depending on the conflict, whether global or regional.

The Atlantic Fleet is our largest component consisting of 29 ballistic missile submarines, 50,000 Marines of the Fleet Marine Force Atlantic and totaling over 300 ships and 2000 aircraft. The Altantic Fleet also provides assets to USCINCEUR and USCINCCENT. Air Force and Army forces are apportioned for planning purposes for various potential conflicts. Air Force Atlantic could provide up to 1400 tactical aircraft, B-52 bombers, KC-135 tankers, and E-3A AWACS aircraft should they be required. Army Atlantic forces could consist of up to three combat divisions. The Atlantic Fleet forces have always been assigned to LANTCOM. Since the DOD Reorganization, LANTCOM now has 12 Air Force fighter squadrons assigned, one permanently in Iceland, and several support units. There is also an Army Brigade assigned to LANTCOM on a day-to-day basis.

ALLIED CONTRIBUTIONS

A dominant factor in Atlantic Command planning is the NATO Alliance. The Atlantic Command strategy is a coalition strategy.

Within the Allied Command Atlantic, non-U.S. NATO forces provide forty-three percent of destroyers and frigates, nearly one-quarter of the nuclear attack submarines and maritime patrol aircraft, all of the general purpose submarines and the only two ASW carriers. These nations provide virtually all of the mine countermeasures ships and nearly one-half of reinforcement and resupply shipping. Our NATO allies are essential to cope with the 350 Warsaw Pact Northern and Baltic Fleet submarines and surface combatants that can oppose us. The existence of NATO and the contributions of our European Allies to the common defense allow the U.S. to maintain a smaller Army, Navy and Air Force than would otherwise be prudent. If war was to occur with the Soviet Union, U.S. success would be inexorably tied to the substantial contribution made by our Allies.

OPERATIONAL DEFICIENCIES

Forces: We lack forces in sufficient numbers to execute all wartime tasks with acceptable risk. With respect to maritime forces:

—Early wartime availability of adequate numbers of carrier battle groups is in doubt. Specifically I need a minimum of four carrier battle groups in the Atlantic; CINCEUR needs four in the Mediterranean. Currently only six carrier battle groups are available to support the collective requirements for eight. Overall, the Navy needs fifteen deployable carrier battle groups to provide the minimum essential level of capability to CINCPAC, CINCEUR and me.

—Aside from carrier battle groups, there is a shortfall of almost 30 combatant ships to execute USCINCLANT wartime tasks.

—The quality and quantity of MCM assets are inadequate to execute timely port breakout.

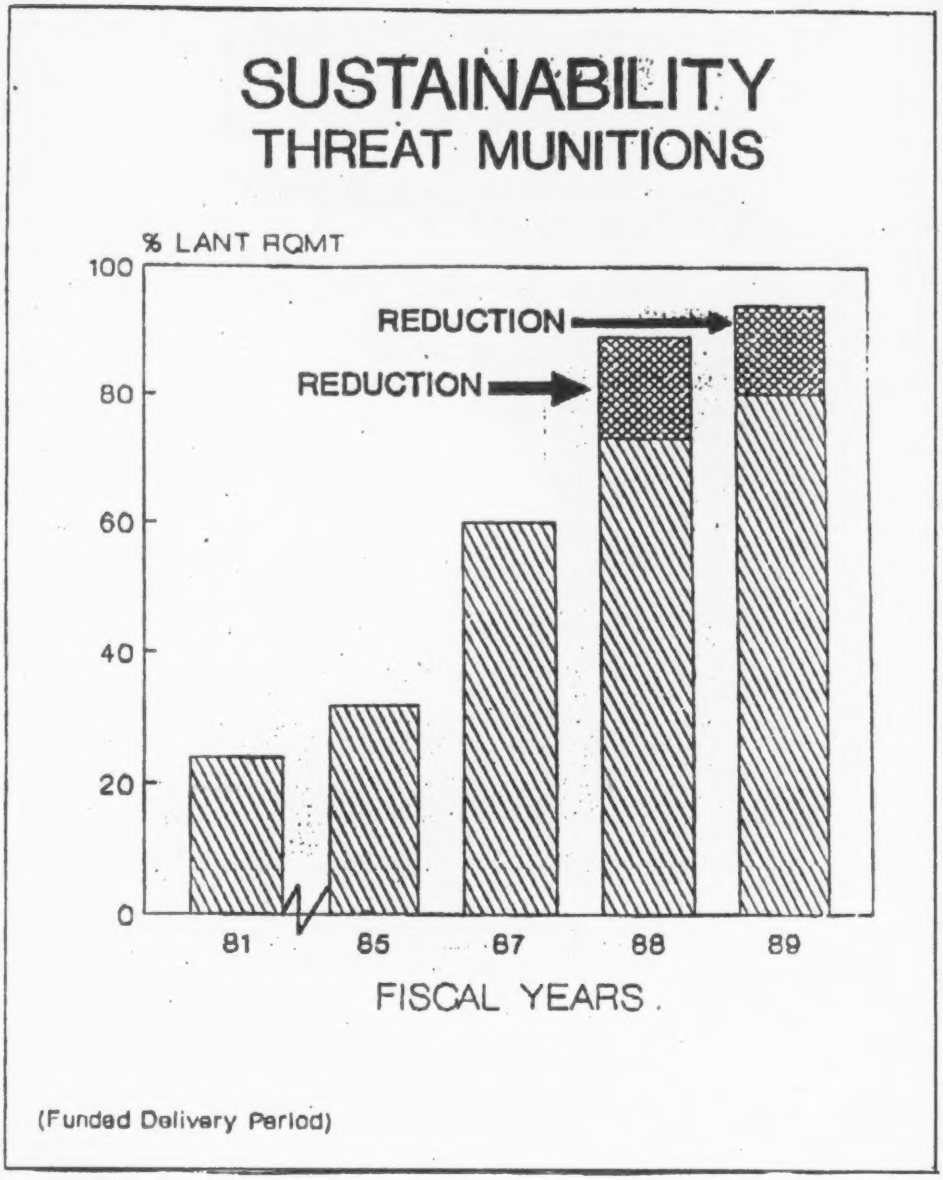
—We are ten ships short of meeting CINCEUR amphibious lift. Carrier and battleship battle groups cannot be fully supported with combat logistics force support ships.

With respect to my Army component (ARLANT), the Roland air defense capability is being deleted in FY89. Also, in spite of aggressive cross-leveling and redistribution, Army Reserve Component combat, combat support and combat service support units have serious shortfalls and lack essential theater stocks and medical equipment.

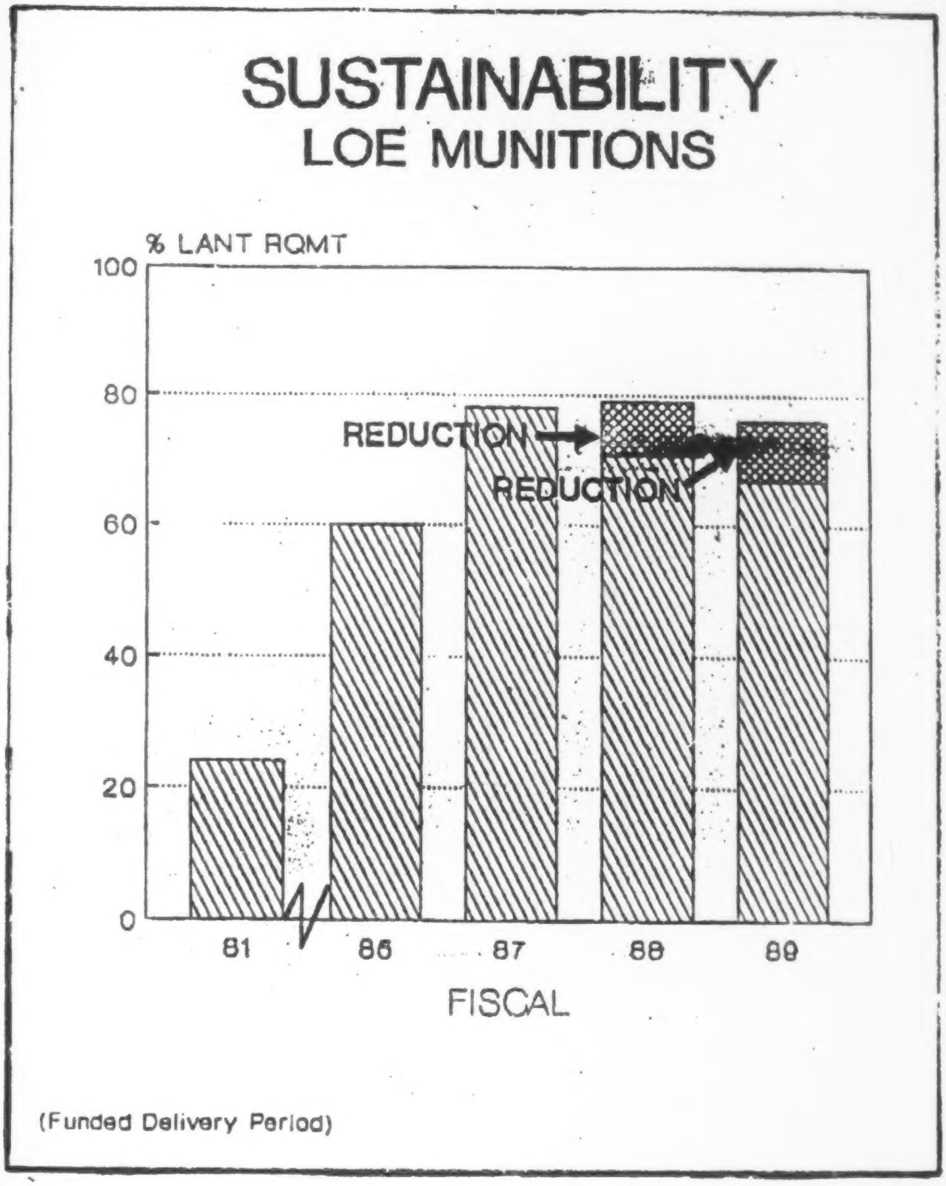
While some of these basic force shortfalls could be satisfied through reapportionment or reassignment of forces, this would result in inadequate forces for other theaters and warfare tasks. I have some warfare tasks for which absolutely no forces are assigned.

Sustainability: The logistics sustainability of Atlantic Command forces continues to improve as we receive deliveries of munitions and spare parts from prior year funding. However, in spite of significant improvement since 1981, of the 17 applicable material sustainability ratings (S-ratings) of my components, only one is in category S-1, fully combat sustainable.

While the Atlantic Fleet is today deploying fully ready Battle Groups, there are shortfalls in preferred ammunitions for the greater number of Battle Groups required in wartime. Shortfalls are primarily in air-to-air and anti-radiation missiles, torpedoes, sonobuoys, and weapon handling equipment. (Figures 1 and 2).


SUSTAINABILITY
THREAT MUNITIONS
% LANT RQMT
100
80
60
40
20
0
REDUCTION
REDUCTION
81
85
87
88
89
FISCAL YEARS
(Funded Delivery Period)

(Figure 1)

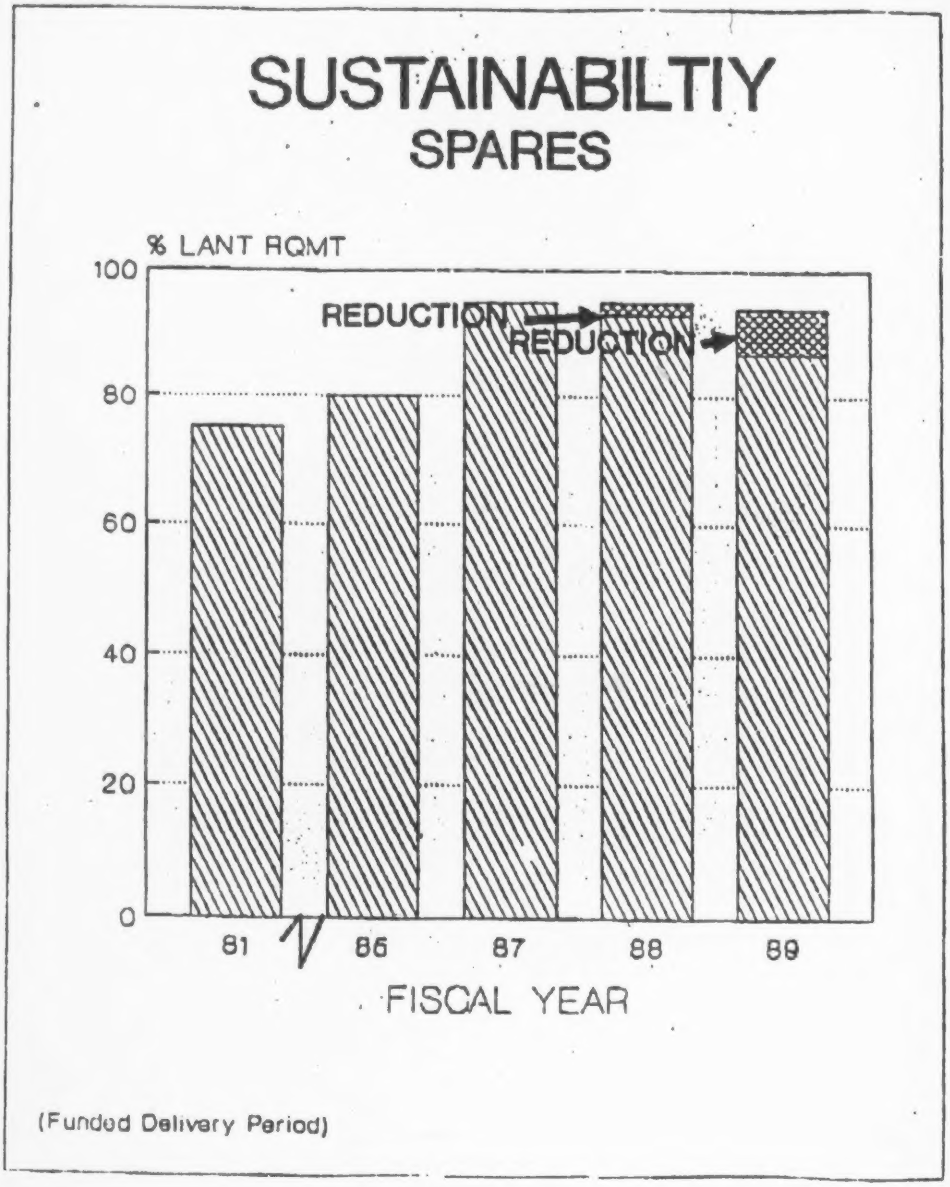


(Figure 2)

Air Force ordnance sustainability for the Atlantic Command is much improved since 1981, both in level of effort and threat munitions. However, like the Navy, there are still shortfalls in preferred munitions. In spite of reduced funding for replenishment spares over the past few years, Air Force sortie estimates for FY 88-89 range from 87-100%. This is directly attributable to the full funding in FY 85, up to three year procurement lead time and carry over of existing repairable spares. However, based on expected funding and the funding reductions of the past four years, the projected sortie generation capability shows a decline.

Although there are not large numbers of Army forces apportioned to the Atlantic Command, they provide unique mission capability for which there is no backup. Army reserve component units have unsatisfactory sustainability ratings.

Figure 3 shows overall Atlantic Command spare parts shortfalls against wartime requirements.



(Figure 3)

Command, Control, Communication, Surveillance, Intelligence and Electronic Warfare (C3, S, I, EW): Although there have been significant improvements in these areas, particularly in the past two years, deficiencies remain in the following broad categories which are critical for all phases of joint operations (planning through execution):

—Survivable, interoperable secure anti-jam communications.
—Assimilation and correlation of information.
—Surveillance system upgrades.
—Strategic connectivity upgrades.

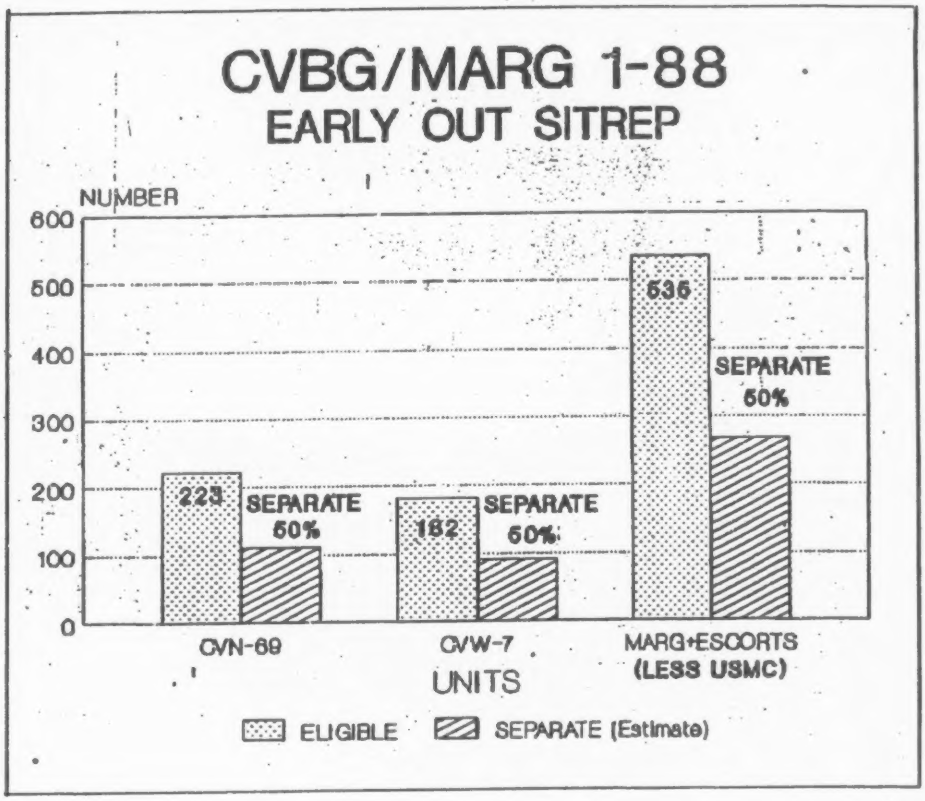
Operational deficiencies in electronic warfare are centered on delays in getting existing technology and capability fielded in adequate numbers. Examples can be provided in closed session.

PRIORITIES

My programmatic priorities are communicated annually to the Chairman of the Joint Chiefs of Staff through my Integrated Priority List submission. The following paragraphs summarize these priorities for correcting present operational deficiencies and for averting potential deficiencies.

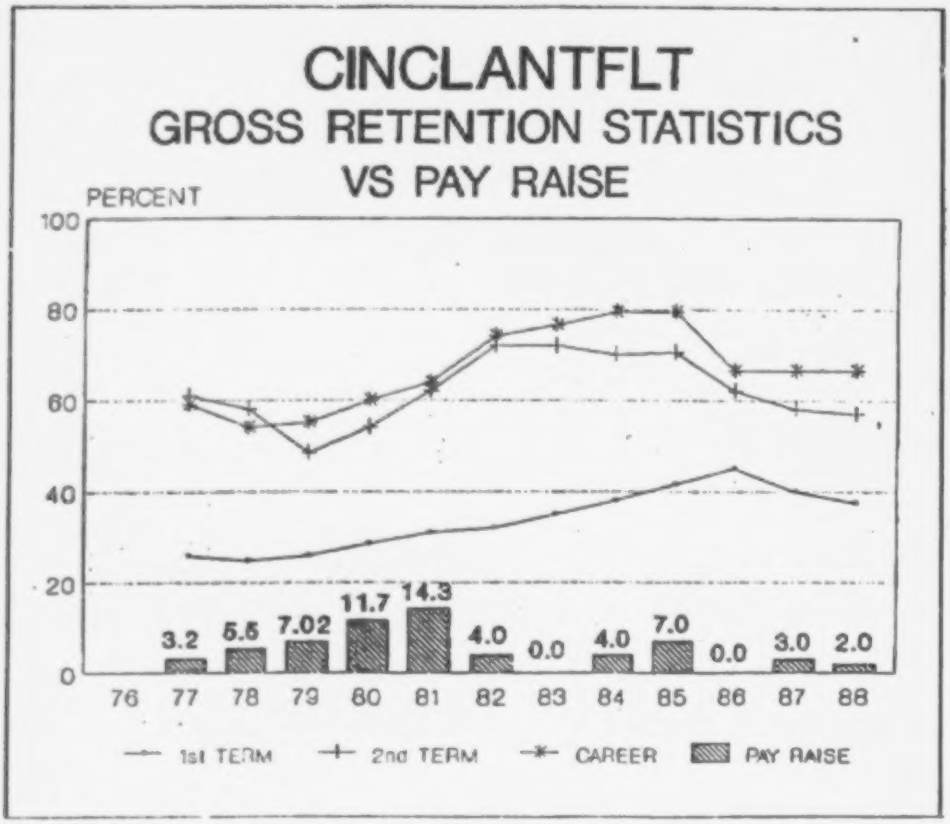
Readiness: Our ability to fight today is built on two pillars; material and personnel. The outstanding readiness condition of our forces today reflected prior year commitment to funding of spare parts, depot level maintenance, end strength and personnel pay and benefits programs. The full effect of reduced funding in these key readiness programs will not be reflected in unit readiness reports for several years. It will take time for ships, aircraft squadrons, and battalions to draw down spare parts stock levels, and for equipment reliability to decline. The President's budget attempts to preserve our hard earned readiness gains within the context of overall reductions. Even so, it is safe to say readiness within the Atlantic Command has leveled off and the positive trend of the past eight years will likely be reversed.

True to the precedent of the late 1970s, the first indicator of trouble ahead is personnel. People are at the heart of readiness. It takes a decade to grow a skilled Chief Petty Officer or Tech Sergeant. No level of recruiting can substitute for experience should retention of our senior people begin to erode. Nor can readiness be sustained for long by asking our current force to do more with less. The adverse impact of Congress not authorizing requested end strength increases in the face of an expanding fleet is already being felt. After several years of drawing down shore support to preserve end strength at sea, the Navy has this year found it necessary to cut across the board. In addition to postponing officer promotions and enlisted advancements, Navy has directed sailors completing obligated service this fiscal year to act on reenlistment decisions by 13 May. Those who decline to reenlist will be separated as soon as possible. If, as projected, half choose to leave, the overall readiness of the Atlantic Fleet will drop. Without crossdecking of personnel, the Eisenhower battle group which departed 29 February could become the least ready deployed battle group in years (figure 4). The return to crossdecking will increase our sailor's time away from home, which has already been increased by the erosion of shore billets.



(Figure 4)

Retention of experienced personnel is tied directly to length of family separation and adequacy of pay (figure 5).



(Figure 5)

Our people deserve stability in both categories. Unfortunately, successive end strength ceilings and pay caps will force more at-sea time for less pay. One need only review 1980 headlines to see where this will lead:

—"Sailors Seeking Welfare, Food Stamps in California" (*Washington Star,* April 24, 1980)

—"Beached Whale: Supership Docked for Lack of Crew" (*Washington Post,* April 14, 1980)

—"Fleet Commander Concedes Half of Planes Able to Fly" (*Washington Post,* March 21, 1980)

To prevent reliving an erosion of talent which took us eight years to correct:

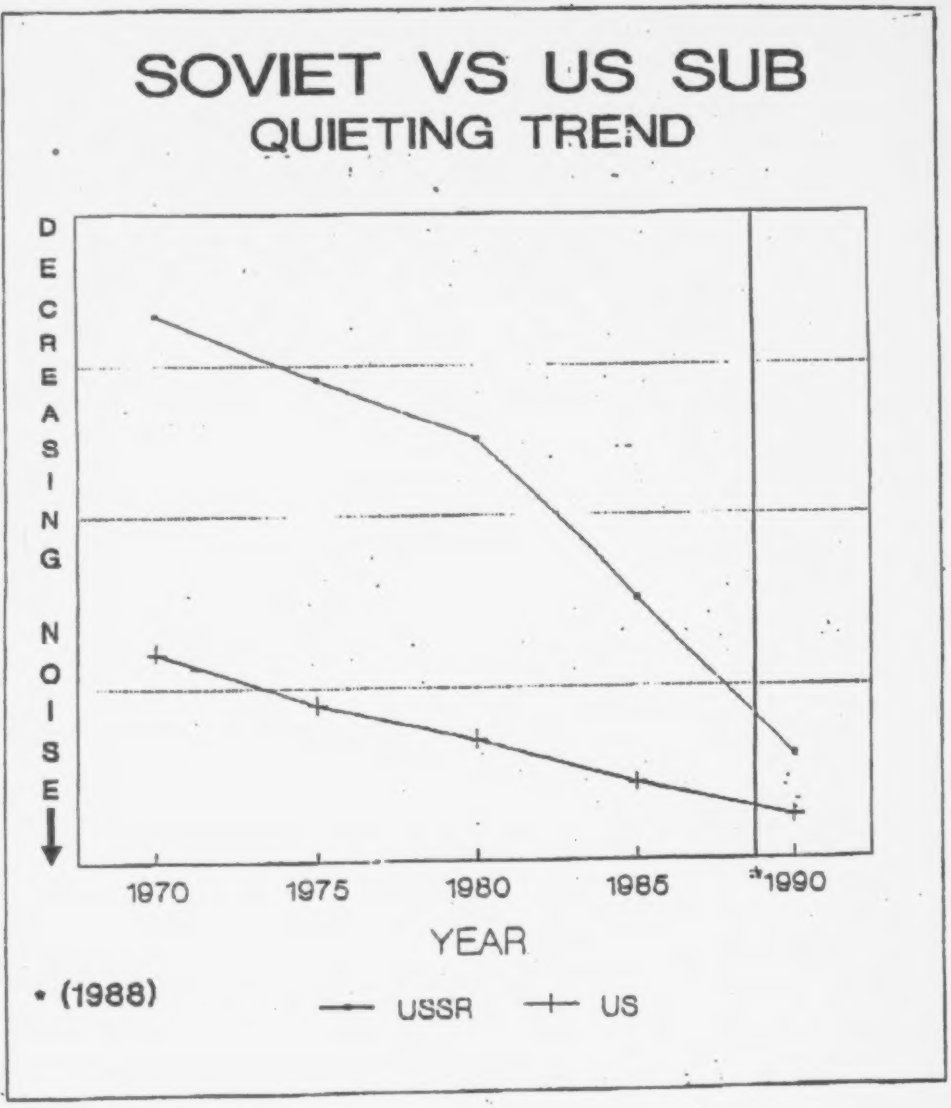
—the existing 11 percent fair pay differential must be quickly closed and:

—end strength must be funded to fully man operational units without a further reduction in shore support.

We cannot wait until material and personnel readiness, retention and recruiting statistics prove that our people have lost faith in your commitment to them.

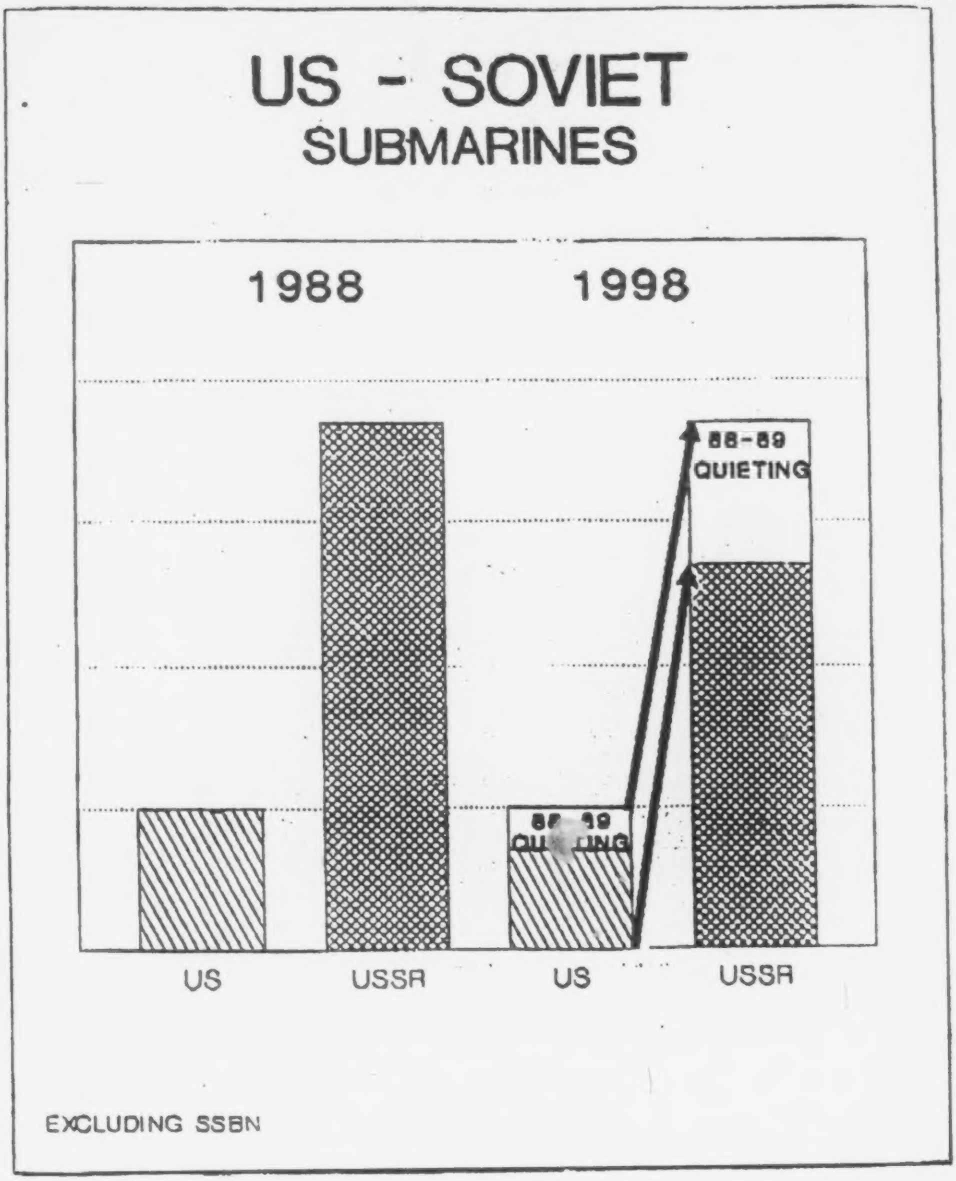
ASW: My top warfighting concern is to maintain our anti-submarine warfare capability in the face of the rapidly improving quality of the Soviet submarine threat. The Soviets are incorporating quieting technology in every new and overhauled submarine, and this has seriously reduced our ability to detect them.

While we are still slightly ahead, the quieting trend indicates their best may soon equal ours (figure 6).



(Figure 6)

This technological breakthrough, coupled with a Soviet production rate of about 10 new submarines a year means that in 10 years nearly one-third of the Soviet force—100 submarines—will be equipped with their modern quieting technology (figure 7).



(Figure 7)

Compare this to our projected 1998 SSN force of about 100, two-thirds of which will be more than 10 years old. Failure to regain our previous margin of submarine technological superiority would place in jeopardy our ability to prevail in a war with the Soviets. The Fiscal Year 1989 budget supports a balanced ASW program that includes the necessary investment in ASW research and development; and keeps the SSN-21, P-3 Update IV, S-3 Weapons Systems Improvements, Integrated Undersea Surveillance System and torpedo programs on track.

Sustainability: We must continue to address specific sustainability shortfalls that would hinder our ability to conduct operations in a prolonged war. The most serious concerns, all partially funded to meet required inventories, are:

—air-to-air missiles (AMRAAM; PHOENIX)
—anti-radiation missiles (HARM)

—torpedoes (MK 48 ADCAP; MK-50)
—sonobuoys
—other preferred weapons (IIR MAVERICK; SM-2 MR)
—replenishment spares
—war reserve stocks
—POL
—equipment to sustain operations in a chemical warfare environment.

Command, Control, Communications, Surveillance, Intelligence and Electronic Warfare: These capabilities are required to support every warfare area in times of crisis and hostilities. They are necessary for indications and warning and must be adequately survivable to perform in an intense environment of electronic jamming and deception. The priority programs are:

—Secure and anti-jam comm (SINCGARS; HAVE QUICK; JTIDS; STU III)
—Surveillance upgrades (North Atlantic Defense System; AWACS radar improvements; OTH-B)
—Electronic Warfare (ASPJ; ECM pods; ISAR; BGPHES)
—Strategic connectivity (E-6A TACAMO; MILSTAR; VLF/LF)

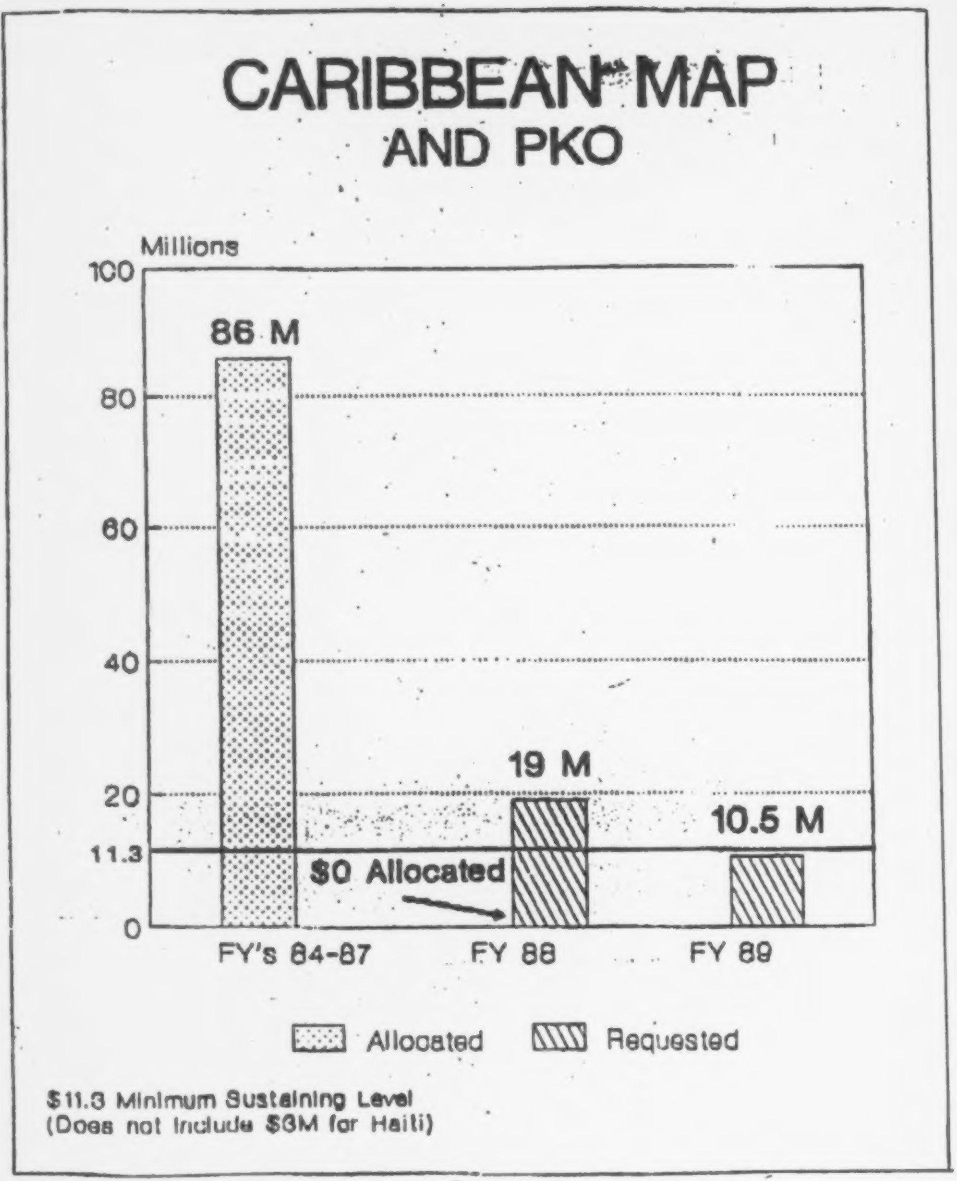
Forces: We must continue modernization of our forces through fielding adequate numbers of new systems each year to maintain our qualitative edge.

—220 Air Force tactical fighter aircraft
—3 or 4 SSNs
—5 Aegis ships
—160 Navy carrier air wing aircraft
—Air defense artillery units.

To prevent a worsening of maritime force deficiencies, procurement plans must average at least 20 new ships and 160 carrier air wing aircraft per year.

Security Assistance: The programs that make up security assistance provide us leverage disproportionate to their relatively small investment. Our assistance enables nations to develop indigenous security capability and strengthens ties to U.S. through equipment, training, and advisors. Since 1984, the U.S. has invested $740M in Security Assistance for Caribbean Island nations. The impact of zeroed fiscal year 1988 Economic Support Fund (ESF) and Military Assistance Program (MAP) funding will be to jeopardize our relationship with nations which were initially reluctant to accept equipment due to operating costs, but overcame reluctance with U.S. assurances we would not abandon our support in future years. Abandonment at this juncture:

—will result in loss of U.S. credibility and confidence.
—will lead to degradation of security force capability developed since 1984.
—will reverse the growing contribution these nations are now making to drug interdiction.



(Figure 8)

If assistance is terminated now, it is unlikely to resume due to high start up costs. In fiscal years 1984-87, we expended $86M in MAP and peacekeeping operations funding to establish existing programs. We need $11.3 million to sustain critical programs underway like the Regional Security System (RSS). Compare this with what the Soviets are doing in Cuba, where they provide about $1 billion per year in military aid and about $4.5 billion per year in economic support.

DOD REORGANIZATION

The Goldwater-Nichols DOD Reorganization Act of 1986 has prompted a series of actions which have strengthened the role of CINCs. I now have operational command authority of the component commanders and JCS assigned forces, which includes directive authority for logistics, administration, discipline, internal organization, unit training, and full authority to organize forces. For the past four years, the CINCs have participated in the programming phase of the Planning, Programming and Budgeting System (PPBS) through attendance at Defense Resources Board deliberations and submission of CINC's Integrated Priority Lists. This past year we participated in the budget decision process for the first time. Changes to many of the proposed Program Budget Decisions during the formulation of the Amended FY 89 Budget can be attributed to CINC recommendations. I am satisfied with the procedures which have been adopted.

We are making progress with the Title IV portion, but some very difficult manpower management and professional development issues need to be resolved. The quality of the officers being assigned to my headquarters is improved. The number of Joint Duty Assignment (JDA) and Joint Specialty Officer billets that are filled by officers who meet the joint manning criteria is increasing. However, implementation cannot be completed by 1 October 1988. The services do not have the required inventory of top quality officers who also satisfy the joint qualification criteria.

The requirement to implement the Act by October 1 causes me the following dilemma. Do I accept officers for Joint Specialty Officer and Joint Duty Assignment billets who: meet the joint qualification criteria, but are not quality officers; are among the most competitive with outstanding operational credentials, but lack the joint education and/or experience; or leave the billets unfilled until the inventory of officers is adequate? The real issue is the professional development of our officer corps to meet both our operational and joint duty requirements. I recommend that the implementation deadline be held in abeyance until a plan can be established that balances operational and joint professional development based on the services existing pool of joint qualified officers. In the meantime, we need the flexibility to order our most professionally competent officers to joint assignments. This can only be achieved by extending the timeline for full implementation of joint duty criteria. There also needs to be a relaxation of the criteria for more senior officers to attain joint qualification.

CONCLUSION

Program changes of the magnitude required to meet revised fiscal years 1989-94 Fiscal Guidance increase our risks and diminish our ability to deter war with the Soviet Union and to influence events worldwide. It was our strength that brought the Soviets to negotiate seriously. Soviet military capabilities continue to increase and it is unlikely that Soviet long term goals have changed. We must resist the temptation to size the defense budget in isolation of these realities.

The strategy of the forward defense remains valid within the projected context of reduced funding and military capability. The inherent flexibility of maritime forces supports this general war strategy without diminishing our ability, short of general war, to respond to regional crises.

I support the overall priorities and balance of the FY 1989 budget. Further reductions or changes to its basic composition, however, could substantially accelerate a decline in current military capability. In particular, further caps on military pay and end strength could begin an exodus of talent from which we would be hard-pressed to recover.

Senator Exon. Admiral, thank you very much. We appreciate the summary of your detailed statement, which was very informative.

General Richards, we are pleased to recognize you at this time.

STATEMENT OF GEN. THOMAS C. RICHARDS, USAF, DEPUTY COMMANDER IN CHIEF, U.S. EUROPEAN COMMAND

General Richards. Thank you, Mr. Chairman.

Mr. Chairman, distinguished members of the Senate, on behalf of General Galvin, Commander in Chief, U.S. European Command, I welcome this opportunity to contribute to your examination of the fiscal year 1989 Defense budget and the progress made in implementing the DOD Reorganization Act.

I provided a detailed statement for the record.

Senator Exon. I might just say for the record that, without objection, that it is entered as a part of the record.

General Richards. Thank you. I will summarize my statement and then answer your questions.

As the Deputy Commander in Chief of the United States European Command, I am responsible to General Galvin for managing the day-to-day U.S. military activities within our area of responsibility. This is a unique relationship which exists only within the European Command, since General Galvin, in addition to commanding U.S. forces in Europe, also serves as the Supreme Allied Commander in Europe, responsible to the North Atlantic Treaty Organization.

General Galvin commands the theater from his Allied Command Europe Headquarters at SHAPE near Mons, Belgium, while I operate from the U.S. Forces Headquarters near Stuttgart, Germany.

Our mission, stated succinctly, is to deter war in Europe and to maintain the peace, the peace that the West has enjoyed for nearly four decades.

Not all on the Eurasian continent seem to share that goal. Despite the conciliatory rhetoric from the Kremlin leadership, there has neither been a decrease in their conventional forces facing Western Europe nor has there been any slowdown in their rate of quality or quantity of modernization.

The Warsaw Pact forces facing our outnumbered forward deployed forces are stronger today than ever. Perestroika and Glasnost have not resulted in any redirection of resources away from the Soviet military machine.

Thus, the United States remains committed, not as an act of charity, but in defense of our own vital interest to a peaceful and free Europe.

The most visible symbol of this commitment remains the 326,000 American soldiers, sailors, airmen, and marines manning a credible, conventional, and nuclear system standing shoulder to shoulder with our Alliance partners to deter all threats to peace and security.

Last month, General Galvin testified before this committee. In that testimony he presented his views on the INF Treaty and necessary strategy for Europe. Now we have the President's proposed fiscal year 1989 budget which provides resources to implement that strategy.

My purpose today is to provide the European Command's assessment of that defense budget. One of the CINCs' primary tasks during the resource allocation process is to identify the capabilities necessary to accomplish the assigned missions, to identify the existing shortfalls, and then to work with the Department of Defense to develop and implement effective solutions.

General Galvin has worked closely with Secretary Carlucci, with Admiral Crowe, and the service Chiefs to develop a fiscal year 1989 budget that provides United States European Command sufficient resources to maintain the necessary deterrent and combat capabilities.

General Galvin's message throughout the development process has been the need for a balanced approach both across the budget and within each of the pillars of defense: readiness, sustainability, modernization, and force structure.

The strategy of flexible response depends on maintaining a credible deterrent across the spectrum of conflict and within each leg of the defensive triad. A balance must be achieved that provides not only a sufficient number of systems but also the people, training, and support necessary to operate, train on, and repair those systems.

The President's proposed fiscal year 1989 budget provides the European Command a balanced package of deterrence capabilities, despite reduced funding. Key programs needed by this theater have been preserved, as has the progress we have made recently to improve our munitions and our training capabilities.

We have avoided the temptation to return to the hollow forces of the 1970s. Additionally, we have proposed prudent investments for the future, recognizing that modernization of our forces is a continuing challenge that cannot be postponed without incurring greater risks and higher costs later on.

Considering the limited resources available, the proposed budget achieves the necessary balance and adequately supports the European Command's priority requirements.

As I indicated earlier, General Galvin has, to a far greater degree than any past year, been a very active participant in the development of this fiscal year 1989 budget.

One of the forces driving European Command's increased role and contribution of this budget has been the Goldwater-Nichols DOD Reorganization Act of 1986. Unquestionably, implementation of this law has placed clear responsibility on the CINCs for accomplishment of their command's mission while ensuring authority fully commensurate with their increased responsibilities.

Successful execution of those responsibilities is reflected, in part, through the support provided by the services to European Command's priority requirements in this budget.

Both OSD and JCS have been codifying the intent of the legislation into established DOD procedures. Although progress has been made, implementation is still in initial stages as all participants seek to determine the best way to implement the intent of the law.

Our view is that the implementation process is proceeding well. Many of the merging practices are evolutionary and will require additional fine tuning as we gain experience and insight. We are confident that this process will continue along lines that will codify best the roles of the CINCs, and the Chairman of the JCS and intent by Congress.

In conclusion, Mr. Chairman, as we face the challenges of funding a viable deterrent force, we must not accept solutions that unreasonably increase the risk to Western security or reduce our commitments to our allies and our friends.

American forces are deployed in Europe because it is in the U.S. national interest to do so. Those forces must be maintained and supported in a manner that allows them to face with confidence the Warsaw Pact forces deployed on the borders of NATO.

There are no easy solutions for the challenges we and our NATO allies face in deterring Soviet aggression and intimidation in Europe. I am confident, however, that our strategic approach, so successful in the past, remains correct. Our collective challenge is to ensure that the alliance has sufficient military capabilities to fulfill the dictates of our strategy and maintain the peace in Europe, for the first time in modern history, for more than a single generation.

U.S. forces in Europe will be able to do that with the resources the President has requested in this Defense budget. On behalf of General Galvin, I ask for your continued support of America's commitment to its vital interest in the European theater as you examine the fiscal year 1989 Defense budget.

Mr. Chairman, that concludes my opening remarks, and I am prepared to address your questions.

[The prepared statement of General Richards follows:]

STATEMENT BY GENERAL THOMAS C. RICHARDS

DEPUTY COMMANDER IN CHIEF, U.S. EUROPEAN COMMAND

Mr. Chairman and distinguished members of the Senate, on behalf of General Galvin, Commander In Chief, U.S. European Command, I welcome this opportunity to contribute to your examination of the FY 89 Defense Budget and the activities related with the implementation of the DoD Reorganization Act. Prior to addressing these specific issues, it may be helpful to outline that framework which the budget and associated resource allocation process supports: mission, strategy and necessary capabilities.

Mission

As Commander In Chief of the United States European Command, General Galvin is responsible for U.S. military activities in Europe and most of Africa, an area encompassing over 13 million square miles and including 77 countries -- 43% of the world's nations. As the Deputy Commander In Chief of the United States European Command, I am responsible to General Galvin for managing the day to day activities of U.S. military activities within our area of responsibility. This unique relationship exist since General Galvin, in addition to commanding U.S. forces in Europe, also serves as the Supreme Allied Commander Europe, responsible to the North Atlantic Treaty Organization. General Galvin commands the theater from his Allied Command Europe Headquarters (SHAPE) near Mons, BE while I operate from the U.S. Headquarters near Stuttgart, GE. Our mission, succinctly stated, is to deter war and to maintain the peace with freedom that the West has enjoyed for nearly four decades. The objective of all our efforts is peace.

Commitment

As outlined in President Reagan's U.S. National Security Strategy, the defense of Western Europe is second in priority only to the defense of North America. Were Western Europe, location of 46% of America's overseas investment, forced into the Soviet orbit, the global balance of military and economic power would shift overwhelmingly to the Soviets. Twice in this century the United States has entered into a world war to prevent a government, antithetical to U.S. interests, from dominating Europe. Our NATO alliance has made such action unnecessary for over four decades; the most successful peace movement of modern times. Therefore, the United States is committed, not in an act of charity but in the defense of our own vital interests, to a peaceful and free Western Europe. The most visible symbol of this U.S. commitment remains 326,000 American Soldiers, Sailors, Airmen and Marines, manning credible conventional and nuclear systems, standing shoulder to shoulder with their Alliance partners to deter all threats to peace and security.

Threat

But whom are we seeking to deter and what are we preparing to defend against? For the foreseeable future, the Soviet Union will remain the only nation able to pose a direct threat to the survival of the U.S. or the Alliance. Despite the conciliatory rhetoric of the Kremlin leadership, there has been no decrease in their conventional forces facing Western Europe, nor has there been any slow down in their rate of quantitative or qualitative modernization. In General Galvin's view, the Warsaw Pact forces facing our outnumbered forward deployed forces are stronger than ever. In the last five years the Soviet Union has out produced the United States more than 2 to 1 in tanks and infantry fighting vehicles, and 4 to 1 in artillery. During the past three years, the USSR, by itself, has outproduced the collective NATO nations in every major category of ground weapons systems. NATO is currently outnumbered 3 to 1 in tanks and artillery and 2 to 1 in combat aircraft. Despite Warsaw Pact offensive force levels that far exceed any reasonable requirements for defense, there is no sign of slackening in the Pact's efforts to expand its military power. It does not appear that Perestroika and Glasnost has resulted in any redirection of resources for the Soviet military machine.

In light of the prevailing Soviet military imbalance, particularly in their conventional forces, coupled with their continued emphasis on modernization and offensive capabilities, we should be cautious of equating indications of greater Soviet domestic reorganization and openness with a lessening of Soviet geopolitical aggressiveness, military capabilities, or ultimate ideological goals.

Strategy

NATO, with its strategy of flexible response and forward defense, has successfully dissuaded Soviet aggression for over two decades. Flexible response has been and remains the correct strategy for NATO; taking into account the ever changing mix of Alliance political and military realities. Since its adoption in 1967, our strategy has accommodated numerous changes in our equipment and force structure--and those of our adversary. As long as it continues to be supported by a balanced triad of strategic nuclear, theater-based nuclear, and conventional forces, the strategy will remain viable. In other words, to deter war--and deterrence of war is our overriding objective--NATO must continue to possess the credible capability to respond appropriately and effectively across the full spectrum of conflict.

FY 89 Budget

One of the primary tasks of USCINCEUR is to identify the capabilities necessary to accomplish his assigned mission; to identify existing shortfalls, and to work with the Department of Defense to develop solutions. General Galvin has worked closely with Secretary Carlucci, Admiral Crowe, and the Service Chiefs to develop a budget that provides United States European Command sufficient resources, across the triad of forces, to maintain the necessary deterrent and combat capabilities. The active participation will be discussed in greater detail when I address implementation of DoD Reorganization and General Galvin's role in resource allocation.

General Galvin's message during the budget formation process has been the need for balanced approach across the budget and within each pillar of defense. Flexible response depends on a credible deterrence at each level of conflict and within each leg of the triad. Additionally, balance must be achieved that not only provides a sufficient number of systems, but also the people, training and support necessary to operate, train and repair those systems. The current budget provides European Command a balanced package of deterrent capabilities which, despite reduced funding, provide the means to minimize the increased risks. Key programs needed by this theater have been preserved, as has the progress we have made recently to improve our munitions and training capabilites. We have avoided the temptation to return to the "hollow" force structure of the 70's. Additionally, we have proposed prudent investments for the future, recognizing that modernization of our forces is a continuous challenge that cannot be postponed without incurring greater risks and higher costs later. Considering both the needs of European Command and the resources available, the proposed budget achieves both the necessary balance and support for the European Command and General Galvin requests your support. As reflected in the FY 89 budget, allow me to provide an overview on how some key programs support the priority requirements submitted to the Services by the European Command.

Strategic Nuclear Forces

Strategic nuclear forces are the cornerstone of both America's and NATO's flexible response deterrent strategy; the basis of our capability at the ultimate level of deterrence and combat power. Over the course of the past decade the United States and the United Kingdom have pursued vigorously programs of strategic nuclear modernization designed to maintain a secure and effective strategic deterrent. The continuation of these programs is essential to maintaining the credibility of the strategic leg of the NATO triad. Even if we are successful in our negotiations to reduce strategic nuclear weapons, actions essential to maintaining a credible force should continue.

Theater-Based Nuclear Forces

NATO's capability to implement, if required, controlled escalation through the selective employment of theater-based nuclear weapons is central to a viable flexible response strategy. For this to be viewed as a credible option by our adversaries, theater-based nuclear weapons must provide a wide range of capabilities and be based throughout Allied Command Europe and shared by our Allies. This both demonstrates the unity of our collective effort, a "burden sharing" of risk, and complicates potential preemptive strike calculations by our adversaries. The key element is for NATO to possess sufficient capabilities to make the Soviets uncertain as to the precise timing or nature of NATO's response to aggression.

In light of the prospective eliminations of portions of the existing theater-based nuclear forces, the P-IIs and GLCMs, it is especially critical that the United States continue to implement the current programs modernizing the nuclear forces based in Europe. These programs, due course modernization plans developed long before the INF agreement and not contrary to its tenets, will be crucial to maintain deterrence in Europe at an acceptable level of risk. General Galvin attaches special importance to several of the programs that will update our theater nuclear forces. Foremost among them is the development of a tactical air-to-surface standoff nuclear missile. Also important is the enhancement of our aircraft that can deliver nuclear weapons, such as the F-15E. It is essential that we improve the ability of these aircraft to penetrate Warsaw Pact air defenses and to survive Pact attacks against our home bases. We can do this through the upgrading of avionics and electronic warfare equipment and by construction of more aircraft shelters.

In order to maintain a broad spectrum of possible responses, we should also make provisions to replace the aging LANCE short-range ballistic missile and continue to make improvements to our nuclear artillery. To pursue these programs, Congress should lift the restrictions on the overall number of modernized artillery munitions and on development of the Army Tactical Missile System as a dual-capable follow-on to LANCE so it can be pursued expeditiously if selected as the preferred candidate. The majority of our present 8-inch and 155-millimeter artillery rounds were deployed in the late 1950's and 1960's. While we are not seeking an overall increase in the total number of munitions, it is important that we not delay in replacing them with more modern munitions.

Chemical Deterrence

In 1969, the U.S. unilaterally halted its production of chemical weapons to both provide an example and encourage others to halt their production so that these weapons could be eliminated from all nation's arsenals. To date, this effort has been unsuccessful. Now, our usable stocks of chemical munitions are not only relatively small compared to the size of the Soviet stockpile, they are also becoming increasingly obsolete and limited in application, particularly with regard to a survivable deep-strike capability.

This situation and the lack of progress in chemical arms control prompted the United States, with NATO's support, to begin manufacturing modern binary chemical weapons. Production commenced in December 1987 with the assembly of artillery shells, and is scheduled to extend to the BIGEYE bomb and a chemical warhead for the multiple launch rocket system. Standoff chemical weapons should be developed to complement current modernization efforts by providing the means to deliver chemical strikes throughout the depth of the battlefield. To ensure the total chemical stockpile does not exceed the minimum essential level, the modernization plans include provisions for the destruction of the unitary munitions in conjunction with the production of binary weapons.

Just as NATO's demonstration of determination in deploying P-IIs and GLCMs led to an agreement eliminating SS-20s, we hope that through development of binary chemical weapons we can stimulate progress in negotiations for a verifiable global ban on chemical weapons. The absence of such a ban insures the continued need for an adequate defensive capability to protect U.S. forces against possible chemical attacks.

Conventional Forces

NATO has never had sufficient conventional military capabilities for stand alone deterrence; instead the Alliance has tended to rely heavily on nuclear weapons, despite the Soviets having achieved nuclear parity with the West and continuing to build an ever-stronger conventional forces.

We do not need, nor intend, to match the Warsaw Pact man for man or tank for tank. What we do need is a conventional capability that is strong enough to frustrate aggression and delay, or perhaps prevent, the time before nuclear weapons may have to be used. Such a capability would preclude hasty decisions to use nuclear weapons and enhance the flexibility of NATO's strategy of flexible response. The credibility of our deterrence would also be enhanced because Soviet planners could not be sure of gaining their objectives through a conventional attack so swiftly that NATO would disintegrate before it was possible to consider the use of nuclear weapons. Conventional improvements also demonstrate the collective will of Alliance members to make the sacrifices necessary to ensure Western security, thereby adding to the credibility of NATO's overall deterrent posture. Finally, conventional enhancements would bolster the self-confidence of NATO nations and ensure that the Soviet Union remains unable to intimidate or coerce Western Europe in order to obtain political, economic, or military concessions.

Our deficiencies in the conventional area are well recognized within the Alliance and important steps have been taken--with more planned--to correct the most serious of these deficiencies. In recent years, NATO has made considerable progress in conventional force modernization, including the deployment of a variety of new weapons systems: the Tornado, F-15, and F-16 aircraft; the M-1, Challenger, and Leopard II Tanks; the Patriot and Roland air defense systems; the AH-64 and AH-1 attack helicopters; the multiple launch rocket system; new infantry fighting vehicles; and the NATO AWACS. The procurement by several NATO nations of the Multiple Launch Rocket System (MLRS), and the purchase of components to provide links for the Battlefield Intelligence Collection and Evaluation System (BICES), Joint Tactical Information Distribution System (JTIDS), and TR-1 high altitude reconnaissance aircraft will help to locate, target, and strike with conventional weapons the operational maneuver groups, reinforcing echelons, and reserves of the Warsaw Pact before they can reach our defensive positions. Finally, the U.S. and European nations are pursuing a number of cooperative efforts encouraged by the Nunn-Warner Amendment, including the NATO frigate replacement program, the anti-tactical missile system, and a family of surface-to-air missiles.

The past several years of resource appropriations has not gone unnoted in European Command. Today, each of the U.S. service components in the European theater is stronger and more capable as a direct result of the early 1990s defense programs. Our ground forces, for example, have benefited from the deployment of new tanks, armored fighting vehicles, artillery, and attack helicopters. The Abrams M1 tank has three times the mobility of its predecessor, with greatly improved crew survivability and firepower with a 120mm smoothbore or 105mm rifled main gun. The Bradley infantry fighting vehicle provides the mechanized infantry units in Europe with mobility equal to the Abrams tank and, by virtue of its 25mm cannon, TOW missiles, and coaxial machine gun, possess substantially more firepower than the systems it replaces.

The Multiple Launch Rocket System (MLRS) is another key element of our ground force modernization process, one that will provide an important capability for the implementation of NATO's Follow-on Forces Attack and chemical retaliatory concepts. The AH-64 Apache attack helicopter is also a welcome addition to our forces in Europe. It is armed with Hellfire missiles and a 30mm chain gun, and is faster, more robust, and more lethal than the Cobra attack helicopter it is replacing.

The Patriot air defense system now being fielded in Europe will be the centerpiece of the theater's air defense network. Its quick reaction capability, high firepower, and electronic warfare countermeasures are features not available in the systems Patriot will replace. Additionally, Patriot offers the capability to simultaneously track and engage multiple targets.

These five programs are representative of our commitment to update the land combat forces in theater. General Galvin hopes that we will be able to continue this progress and look forward, in particular, to the development of the Army tactical missile system (ATACMS), advanced anti-tank systems, fire-and-forget weaponry, and a badly needed new forward area air defense system.

There has also been progress in the modernization of our tactical air capability in Europe. Our newest aircraft (F-14s, F-15s, F-16 and F/A-18s) are more maneuverable and equipped with more advanced sensors and weapons systems than their predecessors, the F-4s. Development of future systems such as the upgraded F-16 fighters and the F-15E all weather attack aircraft will provide further improvements that will exploit our technological advantages in aviation technology over our adversary. We are also capitalizing on new technologies in the beyond-visual-range targeting capability that a large proportion of our aircraft in theater now have in the form of the Navy's Phoenix missile and the joint Navy/Air Force medium range AIM-7M Sparrow. It is important that this capability be expanded to include all aircraft by fielding the AIM-120 Advanced Medium Range Air-to-Air Missile (AMRAAM) system.

Another priority in coming years will be development of integrated navigational target location and identification devices for our aircraft. Progress in these areas has already helped the Navy and Air Force to increase the number of aircraft capable of operating at night or in adverse weather. Some of these planes rely on internal sensors; others will eventually be equipped with a new pod-mounted system under procurement by the Air Force called LANTIRN -- for Low Altitude Navigation Targeting InfraRed for Night Flight. This device will enable aircraft to fly at low altitude and beneath cloud cover at night to find and attack targets.

To reduce the current intra and inter-theater airlift shortfall, the C-17 cargo aircraft remains a high priority item. Though smaller than the C-5, the C-17 will be able to carry the full range of military equipment, including all our armored vehicles. Its maneuverability on the ground and its takeoff and landing profiles will allow it to land in more forward areas than the C-5 and to augment the C-130 in an intra-theater role.

Several naval programs are important to our theater capabilities. The completion in 1987 of the SL-7 roll-on, roll-off ship program has increased the ability to reinforce Europe with fast sealift. The construction of LHD-1 amphibious lift ships--each of which will be able to carry nearly 2,000 Marines, as well as 42 CH-46 helicopters, assault craft, and large amounts of cargo -- will provide the increased lift needed for the Marines committed in Europe.

Over the past several years, the ability of our command, control, communications, and intelligence systems to support our operational forces has increased as well, through the deployment of new systems. These systems, and others still programmed for fielding, will enable us to get the most from our joint and combined warfighting capability, and will also provide the key systems to identify and target the adversary's follow-on forces. The Joint Tactical Information Distribution System (JTIDS) will make it possible for our fighting units to exchange battlefield information using digital communications among tactical units. Communications for tactical commanders will be improved as well by the Ground Mobile Forces Tactical Satellite Communications Program, which will provide a series of multi-channel, highly survivable, anti-jam ground communications terminal in the mid-1990s. Mobile Subscriber Equipment will provide units with the field equivalent of a secure commercial telephone system, while the Single Channel Ground-Airborne Radio Systems (SINCGARS) will soon provide anti-jam secure combat-net, very high frequency radios to replace obsolescent systems now in use.

Emphasis should also be given to the continuing efforts to develop a robust theater intelligence capability, another area in which we may be able to apply Western technology to offset somewhat the Soviet and Warsaw Pact numerical edge. In this regard, continued support is essential for key program such as our Theater Intelligence Architecture Program and its associated Joint Intelligence Architecture Program and its associated Joint Intelligence Center, the Joint Tactical Fusion-Limited Operation Capability Europe intelligence automation system (JTF-LOCE), the all source Battlefield Information Collection and Evaluation System (BICES), and the Joint Tactical Fusion Program in Europe. Together, these systems will improve the collection, fusion, and dissemination of intelligence to the battlefield commanders. And when linked with the attack and command and control systems I have discussed, these intelligence programs will provide the capabilities that are needed to make the Follow-on Forces Attack concept a reality.

Readiness and Sustainability of Our Force

We all recognize that it is one thing to update our weapon systems but quite another to ensure that they will be supported sufficiently to conduct extended combat operations. Thus, I would like to stress the continued need for a balanced program of readiness and sustainment improvements. This is particularly important in the case of our forces in Europe, elements that occupy forward defensive positions and might have to fight heavily outnumbered against the attacking echelon of the Warsaw Pact.

In addition to the progress in NATO's weaponry, mentioned previously, we have been greatly assisted by new Allied agreements to provide for reception, onward movement, and other logistical support that will be needed by developing U.S. forces. We have made progress also in obtaining host nation assistance. We are now in the implementation phase of a program through which 93,000 West German reservists are dedicated to accomplishing U.S. support requirements.

The 1984 decision by NATO to double the size of the common-funded infrastructure program to over $10 billion for the period 1985-1990 also has been a step forward. This increase is providing urgently needed facilities, including hardened shelters at reinforcement airfields, theater reserve storage warehouses, ammunition storage facilities, and upgrading of airfields and naval bases. The commitment by NATO's Defense Ministers to raise the level of ammunition stocks should also improve readiness in coming years, and Alliance acceptance of the long term planning guidance for Follow-on Forces Attack (FOFA) is a promising development.

With your support, the readiness and sustainability programs that were jointly prepared by the Services and CINCs will enable U.S. forces to maintain marginally acceptable levels of support. While General Galvin would prefer higher levels, we have made some substantial progress in recent years. We have increased the fill of our POMCUS stocks. We have received funds -- with this committee's support -- for essential upgrades to better manage our prepositioned equipment and the reception and onward movement of U.S. reinforcements. And we have drawn closer to delivery of the C-17 transport aircraft. Our preparedness for the reinforcement of Europe has improved substantially as well, largely due to recent increases in the levels of Wartime Host Nation Support to be provided by our allies and the recent Collocated Operating Base (COB) agreements that make European airfields available to U.S. reinforcing air units during wartime -- and thereby greatly reduce the number of aircraft at any one base while complicating Soviet plans.

We remain, however, unable to meet fully our reinforcement commitment to NATO. This is the result of continuing shortages in a number of interrelated areas: readiness and availability of support units; POMCUS fill; strategic lift; theater war reserve stocks of preferred munitions, equipment, spare parts, deployable medical systems and medical supplies; availability of warehousing to support prepositioning and other theater storage programs; and host nation support. Each of these items must be addressed. Because they are so closely related, efforts to make improvements in one area often yield true dividends only if accompanied by progress in other. Increases in our POMCUS stocks, for example, must be accompanied by increases in warehouse space necessary to store those stocks. On the other hand, greater POMCUS fill can decrease our need for strategic lift that would otherwise be needed to carry equipment from the United States. In short, we must be constantly alert to the interrelationship among various capabilities as we work to improve the overall posture.

I hope Congress will preserve the progress made during the past few years of emphasis on readiness and sustainability programs. Warsaw Pact forces deployed against the Central Region of NATO have sixty to ninety days of operational spares and supplies forward deployed. Our own stocks in Europe do not compare. Serious shortages remain in certain ground-to-air munitions, high technology surface-to-surface rounds, and antiradiation missiles, and in the readiness of support forces. They are compounded by continuing shortfalls in the areas of strategic sea and airlift. It is crucial that we improve our existing levels of readiness and sustainability. Later this month I will appear before your Readiness, Sustainability and Support Subcommittee to outline our specific requirements.

Taking Proper Care of Our People

A key part of the readiness picture is the individual Americans who have volunteered to serve our Nation. I know you are committed to taking proper care of our soldiers, sailors, airmen, and marines, and their families, by providing them adequate compensation, medical care, housing, and family care. We must also ensure reasonable working, living, and recreational facilities. And of great importance as well, we must afford them the satisfaction that comes from rigorous training, from being a part of an ably-led team, and from knowing that their country and its civilian leadership truly care about them.

I do not need to remind you that our young men and women in uniform serve with loyalty and discipline so that their countrymen may live in peace and security, or that our troops often make sacrifices that would be intolerable in the private sector. They accept these sacrifices willingly, and take pride in helping defend our country and our way of life. Recent budget cuts have already forced us to take a number of difficult steps: to extend tours overseas; to delay promotions; to divert some troops from training to base operations activities; to reduce family support programs, child care facilities, libraries, and recreation centers; to cut funding of morale, welfare, and recreation facilities and activities; and to delay or cancel needed Department of Defense Schools construction. To offset the budget cuts in funding or morale, welfare, and recreation activities, we have had to close facilities, reduce staffing and increase recreation center rates by 25%.

Troops in Europe have also had to contend with a falling dollar, which over the last two years, has cut in half their discretionary income. One small but important example illustrates the effect of the dollar's slide: two years ago a twenty minute phone call to distant families in the United States from Germany cost $35; today, with no increase in German telephone rates, that same important call now costs over $80. Additionally, we have had to raise the price of many Army-Air Force Exchange System catalog items by 15-20%, and impose youth activities user fees. For many of our junior enlisted personnel, a tour to Europe has become even more of a sacrifice than it was in the past. New funding reductions would compound the effect of the decline in the dollar and could have a very adverse effect on the morale and efficiency of our service members and their families, making our retention efforts more difficult than they have been since the late 1970s. We should not allow further reductions in currently funded people programs. I strongly urge your full support in this necessary area.

Military Construction

Military construction is a necessary component to support both our fielded nuclear and conventional weapon systems and to provide an important contribution to taking proper care of our service members. Additionally, modernization of existing, deteriorating facilities and new construction is a very visible signal, to Allies and adversaries, of U.S. continued presence in "European Command" area of responsibility. No where has the negative impact of the decline of the dollar been felt harder than with military construction. Let me explain. In general, MILCON projects are identified and associated costs established at least two years in advance. Many MILCON projects in this FY 89 budget were developed by the Services in 1986, initially forwarded to Congress in 1987, and are now under your review for execution in 1989. A three year process. Despite efforts to keep the costing data current, the dollar will not buy in 1989 what it would have bought three years ago in 1986. For example: a $300 million MILCON program, cost at an exchange rate of $1.00 to 2.06 DM, authorized and appropriated by Congress, will cost today, at a rate of $1.00 to 1.70 DM, an additional $63.5 million to construct that program. This shortfall will necessitate either project cancellation or deferral until sufficient additional funds are provided to handle this shortfall. In either case, CINCs are in a Catch 22 position with our service personnel and their families the ultimate victims.

For FY 89, European Command construction requirements in Europe total just under $1.1 billion. This represents our validated needs and we ask for your full support and assistance in insuring sufficient funds are authorized, and appropriated to ensure these projects actually come to fruition. Later this month, I will appear before three separate Congressional MILCON subcommittees to ensure that our specific requirements are understood.

BURDENSHARING

As I have proceeded to identify the key European command requirements associated with the FY 89 budget, I have also attempted to highlight several of the significant contributions that the other Alliance members are making toward our shared commitments to NATO.

While all nations of the Alliance can do more, and General Galvin addresses this issue with Alliance nations on an almost daily basis, the collective nations do contribute more than is commonly understood. No single set of indicators can tell the whole story, but let me share with you a few indicators which are not widely known.

When one looks at defense expenditures since 1971, one finds only three countries do not exceed the United States in average annual defense budget growth. Of the 2.6 million men on active duty in Europe, the Europeans contribute 2.3 million. In terms of equipment, the Europeans provide 80% of the combat aircraft and tanks and 70% of the fighting ships. Of the 14 million men in the Alliance who would be mobilized for war, the Europeans would provide 10 million.

At the same time, our European host absorb enormous political and economic costs involved in the stationing and training of large number of foreign troops. The Federal Republic of Germany and the United Kingdom provide 20 billion dollars of real estate, free, to the Alliance. Additionally, Germany, the size of Oregon with the equivalent of 25% of the U.S. population, host over 5,000 annual exercises and suffers through in excess of 580,000 annual military aircraft flights; many noisy flights are conducted at very low altitudes.

In sum, the European Allies make a substantial contribution to the collective defense, more than for which they are often given credit. Still both they and we need to do more, and not just in terms of spending. We will all have to strive for a more coherent approach to virtually all aspects of the common defense and the U.S., as the acknowledged leader of the Western world, should be prepared to bear the costs associated with that leadership.

DOD Reorganization

As I indicated earlier, General Galvin has been a very active participant in the development of the FY 89 budget, to a far greater degree than in any past year. The European Command has been provided ample opportunity to make our requirements known, to assess the extent which Service proposed programs addressed those requirements and to offer specific changes both during the budget development and recent budget reduction process. Both at the staff and command level the dialogue has been frequent, full, candid and productive. The FY 89 budget, within the resources available, does support adequately European Command's priority requirements and we urge your support of it.

One of the driving forces behind European Command's increased role and contribution to this budget was Congressional passage of the Goldwater-Nichols DoD Reorganization Act of 1986 and the subsequent implementation of that Law. Unquestionably, implementation of the Law has placed clear responsibility on the CINCs for mission accomplishment of their commands while ensuring the authority of CINCs is fully commensurate with their increased responsibilities. In part, the Law increased CINCs responsibilities in the formulation of strategy and contingency planning, the more efficient use of defense resources and the capability to enhance the effectiveness of military operations. Execution of those responsibilities, provided primarily in Title II, is reflected in the support provided by the Services to European Command's priority requirements in the current budget. Both OSD and JCS have begun to codify the intent of the Legislation into established DoD procedures. This process is in its initial stages as all participants seek to determine the best way to implement the Law. We view that the implementation process as proceeding well. In some cases, as with any new practice, minor problems have surfaced, but they are being addressed. Many of the emerging practices are evolutionary and will require additional fine tuning as we gain experience and insight. We are confident that this process will continue along lines that will codify best the CINC's and Chairman JCS's roles as intended by Congress.

There is only one aspect of Title II that European Command finds is extraneous: separate budgets for CINCs. While realizing the Congressional intent to place some portion of the annual DoD budget under the discretion of the CINCs, we view this step as unnecessary, provided the remainder of the Law is implemented as intended by Congress. The Services did an excellent job of developing the Biannual program and then modifying the budget to meet revised fiscal levels. From the outset, we found that we support the majority of the program as developed by each Service. Our concern has always been a desire to influence rethinking of that portion of the program with which we take issue. I can confidently report, both during 1987 build of the FY 89 budget, and the recent revision of that budget, that General Galvin, with Secretary Carlucci as well as Admiral Crowe and the Services Chiefs, discussed his concerns, caused those issues to be revisited and, in our opinion, to be adequately resolved.. For this reason we find no merit in saddling CINCs with the additional administrative burden of creating theater budgets. Such a decision would, ultimately, only serve to draw time and resources away from the CINCs key operational responsibilities, while creating a situation where CINCs and Services would be in contention with each other rather than working towards an agreeable budget proposal. With that exception, Title II, and its full implementation by OSD/JCS, provides sufficient authority, and responsibility for CINCs to accomplish their assigned mission.

Two further steps by Congress would substantially enhance Dod Reorganization. Congressional support and appropriations for a biennial defense budget and a commitment to a predictable funding level would significantly promote stability and consistency in the defense planning, programming and budgeting process.

Conclusion

In conclusion, as we face the challenge of funding a prudent level of deterrence, we must not accept solutions that unreasonable increase the risk to Western security or reduce our commitments to Allies and friends. American forces are deployed in Europe because it is in the U.S. national interest to do so. Those forces must be maintained and supported in a manner that allows them to face with confidence the Warsaw Pact forces deployed on the borders of NATO.

There are no easy solutions for the challenges we and our European Allies face in deterring Soviet aggression and intimidation in Europe. I am confident, however, that our strategic approach, so successful in the past, remains correct. Our collective challenge is to ensure that the Alliance has sufficient military capabilities to fulfill the dictates of our strategy and maintain the peace in Europe, for the first time in modern history, for more than a single generation. U.S. forces in Europe will be able to do that with the resources that the Secretary of Defense has requested in his FY 89 Defense Budget. On behalf of General Galvin, I ask for your continued support of America's commitment to the European theater as you examine the FY 89 defense budget.

Senator EXON. General Woerner's prepared statement shall be entered into the record at this point.

[The prepared statement of General Woerner follows:]

STATEMENT OF
General Fred F. Woerner
Commander-in-Chief, US Southern Command

Mr Chairman, Members of the Senate Armed Services Subcommittee. I appreciate the opportunity to appear before you to discuss my strategy, it implications and resource requirements and an action agenda in which we can work together to achieve our national security interests on our southern flank in Central and Southern America.

The occasion is auspicious. We as a nation are forced by a convergence of events to examine our security interests and arrangements in an increasingly difficult global environment. On the one hand, we are presented with General Secretary Gorbachev and his twin strategies of glasnost and perestroika. On the other hand, we face moral as well as legislatively mandated requirements to get our financial and fiscal houses in order. Further, we are asked to ratify an INF treaty that will reshape our dealings in the East-West conflict and its North-South linkages as we ponder undefined outcomes of the Central American Peace Accords (CAPA) and recent events in Panama. European security arrangements in a post-INF environment are beyond my ken and assigned responsibilities. However, the impact of these events on Latin America is clearly within my interests and responsibilities. I would be remiss in my responsibilities as the unified commander were I not to relate to you my concerns for the long range prospects for US policy, strategy, and implemention of programs in this hemisphere.

US National Interests in Latin America

Much of today's strategic thinking about Latin America is conditioned by either our views on the Nicaraguan Democratic resistance or the somewhat narrow construct of the two treaties which govern the turnover of the Panama Canal by the year 2000 and the neutrality of the waterway thereafter. Unrest in Panama, aid for the Contras and the Central American Peace Accords (CAPA) are foremost in people's minds because they are currently in the evening news, involve emotional issues for American citizens and involve countries closer to our border than the dynamic nations. We must avoid becoming mesmerized by recent events in Central America to the exclusion of broader, long-term prespectives on the importance of the rest of Latin America.

We need to begin now to develop balance in our strategic vision for the hemisphere framed against what Donald Nuechterlein calls our four core national interests.

- Defense of our homeland
- Economic well-being
- An international order under the rule of law
- Strengthening of democratic values

There are hazards in defining our national interests. Broad definitions risk identifying all difficulties as threats to the United States which demand an immediate and direct US response when in fact, the threat is so indirect and ambiguous that circumspect responses would be more productive. At the same time, narrow definitions of our national interests may obscure real linkages between political economic, or social interests and the more obvious military or national security interests. Moreover, narrow definitions, absent some clear or overwhelming military threat, may tend to encourage a false sense of well-being. As a result, the kind of visionary and comprehensive planning that may be necessary to deal with developments before they result in serious or threatening conditions is all too frequently postponed.

With this caveat in mind, I believe that our core interests are fully engaged in Latin America. Geographic proximity, our increasing hemispheric economic interdependence and common democratic aspirations for an international order free of violence and military or political dominance by hostile interests bestow a special importance to the region.

Our continuing presence and responsibilities in Latin America began with the Canal itself, but have expanded to a regional focus, particularly to the North, to our support of El Salvador and Honduras and deterrence of Nicaraguan political and military power. We have committed ourselves to a consistent policy of support of democracy and economic development. The measure of our wisdom as the superpower leader of the democratic community of nations will be greatly affected by our ability to establish working relationships based on a convergence of our key US interest--national security--with those of our allies of the region--independence and dignity--with whom we have a commonality of history and shared cultural interests. US and Latin American shared interests include:

- Political development: The trend to and the consolidation of democracy has been a key objective of the U.S. Policy. We no longer see an incompatibility between our ideals and our strategic interests. We firmly believe that:
  - Democratization in Latin America secures our southern flank and is the best defense against totalitarian inroads in this hemisphere.
  - Societies that fully engage the creative capacity of their citizens and that hold the governors accountable to the governed contribute more to their own and to our national security than do authoritarian governments whose previous claim to legitimacy was their anti-communist stance.
  - Democratic governments threaten neither their people nor their neighbors.
  - Dictatorships, civilian or military, provide fertile ground for Marxist-Leninist revolutionaries by weakening civilian leadership and in many cases, corrupting the very guardian of security--a nation's armed forces.
- Economic well-being: The United States depends upon Latin America for its economic well-being in at least three fundamental ways:
  - Strategic raw materials such as antimony, manganese, and tin, ninety-six percent of our bauxite and forty percent of our petroleum (to include our entire strategic reserve) come from Latin America.

- Market access for US exports is of continuing concern; our $33 billion of annual exports to Latin America equal those to Europe.
- Investment opportunities abound in an area whose population is expected to grow to 549 million by the end of the century. Twenty percent of our total foreign investment and seventy two percent of all US investment in the Third World is in Latin America, a region with enormous growth potential.

- Social well-being: Immigration to the U[illegible] States and illicit drug traffic are just two of our shared interests.
  - Illegal immigrants, most of whom come from Latin America, live on the margins of society. They constitute 4% of our national population and contribute more than 50% of our annual population growth rate. The United States now has the fifth largest Spanish speaking population in the world.
  - The social consequences of the burgeoning illicit drug trade are well known. Americans consume 60% of the world's illegal drugs; two thirds of that comes from Latin America. But there are also military dimensions to the problem resulting from the increasing linkage between narcotraffickers and insurgent movements. Guerrillas sell protection to narcotraffickers and use the payment to buy military equipment. Vast quantities of drug money are used to buy intelligence, suborn governments and corrupt or intimidate military and police forces and judges. The insidious power associated with the world drug trade challenges international order and our social well-being.

- National defense interests begin with our 1,952 miles of undefended southern border and include the need for access to regional bases for our own use and denial of those base rights to hostile forces. The Soviet Union is virtually on par with the United States in terms of access to bases--land, sea and air--and forward-based forces south of our border. Forward deployed forces include a combat brigade and a 2100 man intelligence center in Cuba. Base access to airfields in Cuba and Nicaragua and the submarine tending base at Cienfuegos pose a significant threat to democratic interests in the Hemisphere.

The Threat to US Strategic Interests

Soviet and Cuban exploitation of endemic economic, political and social conflict to further their own goals is the primary threat to US national interests in Latin America. This threat to our national interests includes:

- The internationalization and spread of Marxist insurgencies in spite of the remarkable transition to democratic governments since 1976:
  - Six nations now have active Marxist insurgencies; three more have incipient ones or suffer spillover effects from neighboring countries. All threaten our democratic values.
  - The 25 Marxist insurgent groups in Latin America are actively supported by the Soviet bloc, Cuba and Nicaragua.
  - Soviet advisors include 2800 in Cuba, 100 in Nicaragua and 500 in Peru.
  - There are approximately 115 Soviet military advisors in Peru alone while the total number of US military advisors in 16 Latin American countries is 147, and that total includes the 55 trainers in El Salvador.
- Growth of main force presence:
  - Soviet surrogate Cuba is both well-armed with sophisticated equipment and capable of sustaining global commitments. Soviet aid to Cuba exceeds that given to the rest of the world combined ($16.2 million in economic assistance and $1.7 million in military assistance daily - some $6.3 billion per year).
  - Sandinista Nicaragua is a national revolution betrayed by a Marxist-Leninist regime committed to the export of revolution, which has:

- -- Supported the overthrow of democratic governments in neighboring countries.
- -- Repressed every democratic or anti-Marxist aspect of society--the press, the Church and its priests, the entreprenurial class and labor.
- -- Imprisoned more opponents of the government than any other nation in the hemisphere except Cuba.
- -- Militarized its society with sophisticated conventional weapons to a degree unprecedented in Central American history and unmatched by the collective totals of its four democratic neighbors. Over 50% of the national budget is dedicated to the military. Plans call for a full twenty percent of the entire population to be under arms.

- Expansion of Soviet/Cuban influence and increasingly larger presence, to include:
  - Reinstatement of diplomatic relations with Cuba by 11 Latin American nations.
  - Soviet diplomatic or economic presence in 13 Latin American nations.
  - Training scholarships to over 10,000 civilians and military students each year.
  - Soviet solicitations to Peru to build a $400 million fishing fleet.
  - Visits to Brazil, Uruguay and Argentina by Foreign Minister Schevardnadze last fall and a promised visit by General Secretary Gorbachev this spring.
  - Expansion of Aeroflot landing rights and port privileges for Soviet fishing fleets.

Complicating the challenge emergent for Latin American democracies are traditional regional problems: determining the means for peaceful competition for political power; resolving social problems of enormous proportion; and legitimizing the role of professional military institutions in a democratic society. All of these problems are part of a cycle of crisis intensified by deteriorating economic conditions.

The Strategic Imperatives

Much is said of the low intensity environment which characterizes Southern Command's Theater of Operations. I prefer to call it "high probability conflict". This type of warfare will not be won solely with technological quick fixes. The campaign plans in this type of warfare are time intensive and require credible consistency over the long haul. Progress will be measured in small increments rather than the quick successes to which we and the American public are more attuned and demand as a matter of course. Our good news simply does not make good TV journalism.

Strategic planning for Latin America should examine the development of deterrent activities to counter threats to our national interests and should achieve:

- Support for the democratic process
- Professionalization of host nation militaries and legitimization of their role in democractic processes.

At the national level, we face the dilemma of trying to plan military capabilities in light of the risk and intensity of conflict that ranges from the terrorism, paramilitary narco-guerrillas and insurgency endemic in Latin America to a conventional war in NATO to strategic nuclear warfare. As a nation, we are certain to be involved in the low intensity/high probability conflict end of the warfare spectrum and unlikely to be involved at the mid to high intensity end. Yet, we must respond to the most fundamental of our reponsibilities--to guarantee the survival of our way of life--and thus, be prepared for that which most threatens our survivability. In so doing, we make major resource investments for what is least likely to occur.

But B-1's, Abrams tanks, and cruise missiles have limited utility in the low intensity/ high probability environment that characterizes this hemisphere. At the lower end of the spectrum, the set of relevant deterrent force options is far more likely to consist of activities encompassing security assistance, combined training exercises, intelligence support, officer exchanges, civic action, psychological operations, engineer construction, medical exercises, and infrastructure development.

It is important that we be prepared to apply deterrence theory along the entire spectrum of conflict. The sooner we get involved in a situation that affects US national interests, the lower the ultimate cost will be and the greater will be the range of low cost tailored force options available for countering the threats.

THE USSOUTHCOM MISSION

USSOUTHCOM defends the southern flank of the United States and advances US national interests in Latin America. The raison d'etre for USSOUTHCOM and component commands' activity historically has been to provide for the security of the Panama Canal. Increasingly, regional instability represents a strong and direct threat to the canal. USSOUTHCOM undertakes a number of activities in both Central and South America to counter the threat posed by instability in the region. Specifically seven key tasks must be performed:

- Maintain the security of the United States and its southern approaches.
- Support counter-insurgency operations in El Salvador and help other Latin American militaries combat insurgency, terrorism and narcotics trafficking.
- Reverse Soviet, Cuban and Nicaraguan influence and their attempts to destabilize democratic processes in Latin America.
- Plan for contingencies in the theater and be prepared to conduct operations in consonance with US interests.
- Advance US foreign policy objectives.
- Enhance US military influence in the theater and strengthen cohesion with and among our Allies.

Strategy Execution

My force capability requirements are uniquely different from every other unified commander. Our theater based forces include a light infantry brigade, a Special Forces battalion, half a squadron of close air support aircraft and a harbor patrol unit of 9 boats. We could respond to challenges to our interests with American combat forces--with augmentation forces from outside the theater--and we have CONPLAN'S and OPLAN'S to deal with worst case contingencies.

However, my most effective force capabilities are not related to the direct application of military power, but rather more subtle politico-military methods that demonstrate and reinforce an armed forces' legitimate role in a democracy to be: committed to high standards of military professionalism and ethics, supportive of democratic development, respectful of human rights, and subordinate to elected civilian authority. It is often far less costly to meet challenges to our national interests with security assistance designed to strengthen host nation security capabilities as we have done in El Salvador, Honduras, Guatemala and Ecuador.

If more than security assistance is required, then we might apply additional force options. Much depends primarily on when we enter the conflict. If we enter the process once armed conflict has already broken out--as indeed we did in El Salvador--the cost is high. If we get involved early, just that advantage alone may enable host countries to protect themselves against armed violence and conflict and the long term cost to us stands a chance of being less.

We have the capability to provide a full range of options at an affordable price. Failure to apply the tailored force packages of our strategy early may ultimately force us to consider the undesireable choice of armed intervention at higher cost or acquiescence to a setback to national interests and higher risk to protect US interests.

Democracy, Economic Development and Security: Application of the Strategy

Over the last ten years, there has been a remarkable turn-around in Latin America. In 1976, authoritarian military government and dictatorship were the rule. Today, with the exception of Chile, Panama, and Paraguay, military governments have disappeared, replaced by freely elected governments. However, totalitarianism dominates Cuba and is taking firm roots in Nicaragua. Nine of the fledgling democracies are challenged by active or incipient Soviet and Cuban-sponsored insurgencies.

Despite these hopeful signs in the democratization process, we have not seen the requisite growth or development in the economic sector. Latin American leaders tell us that political democracy cannot long endure without the supporting economic and social development, and there are some very distressing signs: declining terms of trade, high unemployment, inflation, declining income levels, inadequate education and the virtual decapitalization of some countries due to the foreign debt burden and lack of investor confidence.

The male work force in Mexico now totals 27 million. By the turn of the century, it is projected to grow to 43 million--a growth that ignores the potential for women in the labor force. Mexico will have to produce at least 1 million jobs a year and maintain an 8% GNP growth rate for the rest of the century just to keep even with current under and unemployment.

The international debt burden across Latin America--which now approaches $410 billion--is so overwhelming that many countries are hard pressed to meet debt servicing requirements and are threatening not to pay or limit their payments to a percentage of their GDP. This discourages additional foreign investment at the very time these nations need $25 billion per year investment to achieve 4-5% real GDP growth. Latin American goverments have paid out more in the last five years to service external debts than they took in during the previous twenty years. The progressive pauperization of the lower classes in Latin America is a source of dramatic concern to the renascent democracies.

An Action Agenda

The theater strategy is one of an economy of force, but even economy of force has a cost--it takes resources. There are program limits below which we would have no strategy to secure our interests in the region. We sought DOD support in FY 89 for programs which give coherence to my ability to successfully accomplish the mission I have described.

Programs to implement the SOUTHCOM strategy are neither exotic nor resource intensive; nor do they do enjoy broad based civilian or service constituencies as do many large procurement programs. Further, they are not involved with modernization efforts. Rather, they are important symbols of long term commitment to our allies. Failure to resource these force options at least at their previous low level of 1987 (less than 4.0% of the Security Assistance budget and one-tenth of 1% of the DOD budget) will bankrupt the strategy.

As a result of the Bipartisan Budget Summit prior to the submission of the FY 89 Budget Ammendment, and after due consideration of the enormity of the fiscal problems we face, I accepted cuts where increased risk was in my judgment bearable. In some cases, I accepted cuts in long term, high priority programs such as family housing. However, there are modest programs which if cut would cripple my strategy of tailored force options in Latin America in the near-term and deny us the doctrinal test bed for capabilities that will permit us to operate in the Third World over the long haul. Affected force options include:

- Security Assistance: Security Assistance assumes greater importance given our national interests; the threat to these interests; and lack of sizable deployed forces, frequent large scale combined military exercises or well-developed Alliance structures. Last year General Jack Galvin, my predecessor, highlighted a number of areas for review to ensure that our security assistance program had the requisite flexibility to make a strategic impact in a low intensity/high probability conflict environment. Those areas remain serious impediments to the implementation of a coherent strategy.

- Legislative restrictions reduce the effectiveness of the security assistance program-restrictions that affect 80% of my area of responsibility and 71% of its population.
- Lack of multiyear funding needlessly complicates long term planning.
- Prohibitions against training police and other law enforcement personnel deny us the ability to interact with those who most often bear the brunt of defeating well armed insurgents, terrorists, urban guerrillas and drug dealers.

To these legislative and administrative restrictions, we must add the prospect of greatly diminished funding ceilings in an era of severe budget constraints. Of particular concern are the greatly reduced funding levels for El Salvador and Honduras, the complete elimination of MAP for all other nations except Guatemala, at a difficult time in ensuring that the military remains the guarantor rather than arbiter of the democratic process. To the extent we fail to keep our feet in the door--indeed to provide the bona fides for establishing those military-to-military relationships that promote democratic development--we forfeit that opportunity to other nations. US sanctions, administrative barriers and low funding ceilings have already opened the door to Soviet, French, British, Chinese, Taiwanese, Israeli and Brazilian arms sales and with that, the loss of opportunities for American influence and commerce. Equally disturbing, we are creating a successor generation of younger Latin American officers who will have no meaningful US experience as they assume positions of authority.

Favorable consideration of proposed Administration legislative remedies will rationalize the system and return it to the orginal intent of the 1961 Foreign Assistance Act.

Additionally, I would ask that Congress:

- Raise current security assistance ceilings to at least FY 87 levels.
- Review earmarks.
- Direct a comprehensive review of administrative impediments to an effective program.
- Work to develop creative approaches such as co-production or commercial sales with concessional credits similar to those developed for the BLACKHAWK helicopter sale in Colombia.

- Mobility: We are constrained in our access to most of the geographic area for which I am responsible. There are 10,000 airfields in Latin America, but only 500 of them are usable by C-130 aircraft. The requirement for a STOL aircraft is not unique to USSOUTHCOM; CINCSOC also has similarly documented requirements. The transition program was saved at the last minute from underfunding in FY 89; procurement and required sustainment facilities may be cancelled in the outyears.

There are 35,000 miles of coastline and more than 50,000 miles of inland waterways which are inaccessible to my current force and the occasional deep water US Navy ships which visit the theater. Navy Special Warfare Units deployed in theater and equipped with properly sized patrol craft would provide the basic mobility for us to assist, train, and operate with host nation navy and coastal defense forces in combatting illegal arms shipments and drug smuggling or providing a force presence to support expansion of government services to isolated areas. Without this theater capability, Latin American navies are co-opted to a "blue water" strategy, and my Naval presence in the theater is limited to logistics support for transiting US ships. The absence of properly sized and equipped coastal and riverine forces with which to interface with Latin American navies is a lost opportunity for professional development for Latin American naval forces.

- Intelligence: This is the bedrock of our efforts in the low intensity/high probability conflict environment. We depend on near real time intelligence and exchange of that intelligence (as allowed by US regulations) with key Latin American countries. The SOUTHCOM Intelligence Management System (SIMS) will tie 14 separate critical points in the theater, to include my service components and the Central American Joint Intelligence Team (CAJIT), into a single intelligence communications network and data base. We are working on an Army program using a low-cost STOL aircraft to provide enhanced night time surveillance at less cost than we now achieve with current assets.
- Force Presence: Force presence through permanent stationing and exercises in a number of countries serves to deter Cuban/Nicaraguan aggression and to reassure our democratic allies in the region. Further, having these theater resources permits us to train with host nation forces in a bare base environment and to train our own forces for the type of warfare most likely to be encountered.
  - Exercises and service funded deployments for training (DFT's)from all four services--often engineer and medical forces--are our primary means for achieving a benevolent force presence throughout the Southern Command area of responsibility. These JCS exercises and deployments for training (DFT's) are at times our only effective medium for working with host nation militaries. Any cuts in funding for JCS exercises or service OPTEMPO would deprive me of a major force option in my theater strategy.
  - Bigger is not always better. Indeed, SOUTHCOM's five year exercise program is designed to balance size, scope and frequency with strategic needs. It generally involves platoon to company-sized exercises. The SOUTHCOM FY 89 JCS exercise program is modest ($18.8 million). Reduction in the scope of an exercise from an FTX to a CPX, results in negligible cost savings. Changing from Reserve Components to Active Components

would save transportation funds, but at the expense of training our reserve forces. Finally, although DFT's are not JCS directed, they form a perfect complement to the larger exercise program and are a major force option for US SOUTHCOM.

Both JCS exercises and DFT's require hard-won political and funding commitments from the host nation. Reduction of funding or congressional support forcing cancellation of these exercises on our part sends the wrong signal about our interests in the region.

- MILCON: My strategy of tailored force options is supported by a bare bones minimum MILCON program. In each instance, these projects provide specific essential contributions to the US SOUTHCOM strategy and expand my options for mission accomplishment.
  - They represent investments in a long-term US commitment to a friendly or allied nation. Construction projects are highly visible reminders of US ability or commitment to respond militarily should a need arise.
  - MILCON projects enrich options. The ability to respond effectively to military threats decreases the likelihood of having to do so. In a low intensity, high probability conflict environment, our infrastructure must be designed to maximize flexible use of force options.
  - The program is essential to the well-being of our service members demonstrates our commitment for our soldiers, sailors, airmen and marines assigned overseas.
  - My MILCON projects may have multiple uses. As opposed to a single purpose hardened aircraft shelter, my projects could and often do support US joint or combined exercises, host nation infrastructure shortfalls, national development needs, humanitarian and civic action or valid contingency missions.

My FY 1989 request is again a very modest request, comprised of only two projects in Panama and one in Honduras; all three total less than $14 million. Additionally, the Minor MILCON programs of the services include the $5.4 million slice of Exercise Related Construction needed by this command. This represents less than one half of one percent of the DOD Program. The FY 89 Program consists of:

- Facilities for naval coastal and riverine patrol forces based in Panama ($6.7 million)
- Upgrade of existing 40 year old Air Force Bachelor Housing in Panama ($2.45 million)
- Force presence in Honduras ($3.1 million for Phase II of the troop support facility upgrade programs at Palmerola.

Panama Canal Treaty Implementation

For the period FY 92-99 we are examing a variety of ways and means to meet our responsibilities to implement Panama Canal Treaties affecting US forces in Panama. One treaty calls for the turnover of the canal; the other provides for the continued neutrality of the waterway. Presently implementation of treaty provisions culminate in the complete turnover of all US military facilities and installations in Panama by 31 December 1999. Since existing treaty provisions assign responsibilities for neutrality of the Canal to both the United States and Panama past that date, it would be prudent to provide potentially useful facilities as we fulfill neutrality treaty obligations.

Therefore, we should not institutionalize the concept that there will be absolutely no US military interests in Panama after the year 1999. At a minimum the programmed MILCON investments in Howard AFB, Rodman Naval Station and Ft Kobbe--the last facilities to be turned over--will continue to serve US interests for many years.

Long Term Commitment and Balance:

Our national strategy is appropriate. Its effectiveness hinges on long-term and consistent US commitment, as recommended by the National Bipartisan Commission on Central America in 1984 and reiterated frequently by our national leaders.

We cannot avoid the fact that we must take sides in this strategic conflict and remain willing to stand by our neighbors and fellow democracies at a time when they most need our help. We must have the courage to pay what it costs for as long as it takes. If our enemies become convinced they can wait us out then no amount of short-term effort will work; our strategy for the region will be undermined.

Equally important is balance in our strategy. For the past six years, we have been justifiably focused on the security problems of Central America, but always looming ahead is the restoration of a security relationship with South America. Failure to focus on our long term national interests will lead to estrangement, loss of political influence, and ultimately, strategic misperceptions.

Protection of US national interests, democratization and independence of hemispheric nations requires nothing less than a balanced US response:

- Balanced in our regional allocation of effort between Central and South America.
- Balanced in our attention to the integrated relationship of our national interests with our core values.
- Balanced in our attention to big and small nations alike.
- Balanced in our assessment of the full scope and impact of Soviet/Cuban/Nicaragua conventional military power which underwrites 25 Marxist insurgent groups.
- Balanced in our application of the elements of national power to protect our interests.
- Balanced in an attention to near and mid term crises and long term policy objectives.

The Bottom Line

Threats to our national security interests in Latin America are every bit as real albeit more subtle than those of the Warsaw Pact. Moreover, we don't have 40 years of orderly development in our strategic thought about how to deal with these grey areas of threat, nor have we applied in consistent fashion our strategy of deterrence and flexible response to the low intensity/high probability conflict environments we face in the Third World. We must view these threats for what they are and underwrite the conditions which will permit the fragile Latin American democracies to mature.

The preamble to the Central American Peace Accords (CAPA), agreed to by five Central American presidents states that "peace and development are indivisible." An unstated but obvious corollary for American foreign and national security policy is that peace and freedom are inseparable.

We cannot avoid the fact that we must take sides in this strategic conflict and remain willing to demonstrate long-term commitment and stand by our neighbors and fellow democracies at a time when they most need our help. We must have the courage to pay what it costs for as long as it takes.

It is time that we take full measure of our national interests in Latin America. A strategy without resources is empty rhetoric which leads to failure and frustration. The fundamental question is that of our willingness to step in with an enduring commitment to democracy and economic development in this hemisphere and the willingness to underwrite the relatively low costs of providing the security shield behind which they can be achieved.

Senator EXON. Let me open with a question regarding personnel. Certainly this committee recognizes that the basic strength of our forces are quality people, well-trained and happy in their job.

The 4.3 percent increase projected in the budget, while it might not sound like a great deal, is much better than we are doing in other places. I hope that our service people will take that into consideration and give us and the President credit for trying to make some advancements in their welfare.

We realize that they do an outstanding job, and it was good to hear the reassurances that we heard in this area once again this morning. I will hear it again this afternoon, and I hear it wherever I go and am in contact with our military. I heard it in the South Pacific on a recent trip.

Let me ask a question in that regard to both of you. Admiral, I will start first with you, and then I would like you to fill in, General, as far as your command is concerned.

It was only a few years ago, Admiral, that we thought, and I think correctly so, that we faced a critical drug problem among people in the Navy. We took some corrective steps. You worked with us.

I understand that the Navy antidrug program has gone extremely well. Does the latest information you have confirm that we have at least solved that major problem?

Admiral BAGGETT. Yes, sir, Mr. Chairman. Without a doubt, I think in the military, across the boards there has been an exemplary level of success that could serve well as an example to other segments of this country, in my opinion.

DRUG TESTS

Senator EXON. I was trying to lead you to that, because we have another problem over in the Commerce Committee on which I serve with the courts allowing some random drug tests.

Would you say, then, that the random testing that you are doing there has proven that it is about the best deterrent that we can have?

Admiral BAGGETT. Yes, I unequivocally would say that. The random drug testing that has been applied has been applied in a uniform fashion. It is a good program. My Social Security number ends in nine. If they draw a nine out of the hat one month, I participate in the program just like everybody else.

That, I think, sets an example that is not only applicable to the Atlantic Command and to the services across the board but would be applicable to other areas of society within this country.

Senator EXON. Thank you. I am glad to hear that.

What has been your experience in this area, General?

General RICHARDS. Mr. Chairman, I would certainly support Admiral Baggett's comments. We in Europe have many of the same problems that we have here in the United States. Drugs are available to our servicemen throughout our theater of operations, and I can tell you that we have made significant progress.

I would also say that without tools like the random urinalysis, we would not have made that same progress. So I stand strongly behind that program. It is a strong deterrent to drug abuse, and we should continue it. I would applaud it being used in other sectors of our society.

Senator EXON. Do you have any percentages to back up the statements you just made compared with before we had this program?

General RICHARDS. I do not have those on the top of my head, but I can provide those. I can tell you that they are positive and significant.

[The information follows:]

URINALYSIS TESTING

General RICHARDS. Beginning in 1983, the European Command commenced 100 percent urinalysis testing for cannabis. Despite what is described "a consumer's market" in this theater, detections per thousand persons tested have decreased from 9.43 positives/thousand samples tested in 1983 to a current level of 2.07/thousand at the end of 1987 for Army/Air Force personnel. Figures for the Navy are also quite impressive, when you realize that they conduct a more aggressive program than the other services, and recorded a drop from 4.02/thousand in 1983 to .37/thousand at the end of 1987. The overall decline in detection rates for all services in 1987 compared to 1983 speaks to the overall effectiveness of urinalysis testing, especially in light of the fact that the amount of an illicit drug present in a person's body required to test positive today is less than half that required in 1983.

Senator Exon. Thank you, General. We would appreciate your supplying that for the record.

Admiral, do you have any figures? I do not know now many people we suspected were using.

Admiral Baggett. No, Mr. Chairman. I would say overall the impact has been a factor of 20, but I would be happy to provide that for the record in terms of percentages.

[The information follows:]

URINALYSIS TESTING

Within the Atlantic Command for the period of 1 April to 30 September 1987, a total of 202,645 Navy members were tested with a positive rate of 1.2 percent. That figure was down from 1.8 percent positive from the previous 6 month period. Overall, within the Navy, drug abuse among all personnel was reduced from 33 percent in 1980 to 16 percent in 1982, to 10 percent in 1985. DOD worldwide survey of drug and alcohol use among military personnel is currently underway. It is my understanding that the results will be published when the survey is completed.

Senator Exon. I would like to have that, because it is going to help us.

Admiral, my next question is of you, and we may go into closed session later on it. Any questions that come up in this session that you feel would be better answered in closed session, why, please so indicate, of course, without any hesitation whatsoever.

You have emphasized in your statement about the critical need to control the Atlantic.

You also talked about the increasing number of Soviet submarines and their improved quietness, which is always a concern.

"AKULA"

Let me ask you specifically about the *Akula*. What can you say in open session about our experiences so far with the *Akula*? Is the *Akula* as good a boat as we thought she would be originally?

Admiral Baggett. I would have to say that the *Akula* is quieter than we would have anticipated the Soviet submarine of 1985 being when we were projecting ahead in 1975.

In other words, looking downstream from 1975 and projecting what the Soviet technology would permit in terms of quieting, we would not have projected a submarine as quiet as the *Akula*. It is a very capable submarine.

I have provided an unclassified chart that shows the relative quieting trend between United States and Soviet submarines in my statement on page 17, figure 6. It is unclassified only because it has no numerical quantification on it, but I would be happy to answer in more detail, Mr. Chairman, in a closed session if the opportunity presents itself.

Senator Exon. We would be glad to go with that.

Gentlemen, I was hoping that one of my colleagues would come back. I must recess the meeting temporarily. I will go vote, and if another Senator comes back, we will reconvene.

So we will stand in recess until call of the Chair.

[A brief recess was taken.]

Senator Warner [presiding]. The chairman suggested that we continue, and I will proceed with some questions.

This morning I had the opportunity to visit with about half a dozen journalists, primarily from the United Kingdom, and the range of questions was quite interesting.

INTEROPERABILITY

Among these was the continuing question of the lack of interoperability, General Richards, which continues to plague our NATO forces.

We have talked about this for a long time. Senator Nunn, myself, and others put together legislation which provides funding for joint R&D and related projects. Other members of this committee have been quite active in trying to eliminate some of these problems.

What suggestions might you and your boss have about these questions?

General Richards. You are right, Senator. There is no question that we still have interoperability problems, and there is a lot of work to be done. I think we are moving ahead with the defense cooperation in industry. We in EUCOM are setting up units in each of the major NATO countries to try to do that, to get more involvement by industry in bidding and certainly more cooperation among the allies as we field the various weapons systems.

I think we have made some progress, though, but it is slow. It is a slow process getting all of our allies to agree to jointly produce weapons systems. It is very difficult, but I think we are making progress, certainly with regard to common ammunition, certainly in fielding, in the alliance, the Leopard tank, for instance in buying Patriot.

So we are making progress, but you are right. There is a long way to go, and all of us need to continue to work that very aggressively.

U.S. FORCES IN EUROPE

Senator Warner. I also had the opportunity to visit yesterday with Manford Woerner, and I think he will be most vigorous in trying to close up this problem.

Let me address the question of our forces in Europe. We have witnessed the first substantial cut in end-strength in the budget message to the Congress from the President and the Secretary of Defense.

I am not sure how this will translate on your force structure in Europe in this coming fiscal year. Would you give us your views on the possible impact of a substantial troop reduction in Europe, particularly the effect on conventional defense?

General Richards. I think to cut forces at this time would be a very serious mistake.

We can all go back to the time when we made the decision, we the alliance and certainly the United States, to field the P–II and GLCM. We did that in an environment of European troop strength ceiling, so we were not at that time authorized at that time to increase our forces in order to field those two major weapons systems.

So we took almost 30,000 manpower spaces out of our hide to field those two weapons systems. That, in turn, caused many of the problems that we have talked about over the last few years; specifically, the shortage in the Army of combat support and combat service support forces. I can recall that in the case of the Air Force, we removed Wild Weasel aircraft. We brought back from Europe to the United States squadrons of F-4s, Army combat units, but in most cases combat service support units of the Army came out of Europe to make room for those weapons systems.

Senator WARNER. You are saying there would be a very definite denegration of your capability to handle the conventional problem?

General RICHARDS. It certainly would.

Senator WARNER. I will not address the political issue, because we have talked about that in this committee recently. Some of us were on a trip to Europe with the majority leader, and I think that the political ramifications of any of those troop reductions now would be quite severe, particularly in Germany.

I know, speaking for myself, of no real effort being generated by any Member of the Senate to try to move toward that end in this fiscal year. There will be a good deal of discussion on burdensharing, and that is a subject that we should continue to dwell on.

I would now like to turn to Admiral Baggett. Admiral, it is certainly nice to see you again. I have watched with considerable interest the change of operational mode of the Yankees and other ballistic missile submarines of the Soviet Union, and I have observed that they are no longer coming down along the Atlantic in your sphere of operations and responsibility.

SOVIET SUBMARINE FORCES

I wonder if you would just quickly give us a little summary of the change in tactics of the Soviet submarine forces and how that ties into the importance of the Navy proceeding ahead with the SSN-21 program.

Admiral BAGGETT. Fundamentally, Senator Warner, the Yankees are no longer routinely deploying off our coast as they have in the past, and in the European Atlantic theater their operations are what I would categorize as theater nuclear missions.

Some European targets that may previously have been covered by the SS-20 could be covered by Yankee class submarines dispersed in the Barents or in northern waters where they have operated more frequently within the last year.

The Soviet submarine force operating in northern waters can only be dealt with by covert platforms, such as the SSN-21 or the improved SSN-688.

In regard to the relative quietness, the chart that I provided and referred to earlier in my presentation shows, I think vividly, the increased quieting that we have seen in the Soviet submarine force. As I told Senator Exon earlier, in 1975 if we had projected where the 1985 Soviet submarine was to be, based on quieting technology, we would have missed completely. We would never have estimated *Akula* being as quiet as it has turned out to be, with improvements in noise quieting across the board.

Senator WARNER. They have had how many new types of attack submarines in what period of years, now?

Admiral BAGGETT. Since 1981 they have introduced a total of seven new classes of submarines and modified two others. Four of the new classes are attack submarines. I am referring specifically to mods of the Victor-III to enable it to fire the cruise missile, the SSN-21, and the Yankee to fire the SS-NX, the X still being in the development stage, the SS-NX-24 missile.

Senator WARNER. That is in the attack class or attack and ballistic class?

Admiral BAGGETT. That is, only the attack variant of the Yankee is being modified.

Senator WARNER. Overlaid on that is really our improvement of the 688 and continued design of the SSN-21?

Admiral BAGGETT. Yes, sir. The 688 is basically a design of the mid-1960 vintage. Upgrades since initial design have exhausted the weight and space available for further improvements.

So the improved 688 is improved over the original class, but we have exhausted all modernization potential. A new submarine, the SSN-21, is needed to keep us out in front of the Soviet submarine threat.

U.S. CARRIERS

Senator WARNER. Mr. Chairman, I have one brief question. I wanted to wait until my good friend, Mr. Levin, was here to ask him about the carriers.

With respect to the need for continuing the 15 level, this committee will, and it is the proper responsibility of this committee, look at the pros and cons of retiring two older carriers, *Midway* and *Coral Sea,* ahead of the schedule, as is now established by the Secretary of Defense.

Would you comment on the need to continue the 15 level carrier task force?

Admiral BAGGETT. Worldwide commitments are such that 15 is far from the desired number. It is the acceptable risk number in terms of allocation across the Pacific, the European, and the Atlantic Commands.

In the Atlantic Command, the numbers available to me out of 15 carrier battle groups, still cause a problem of employment timeliness. Carriers required for support of USCINCEUR compete with my requirements to execute the strategy in the Norwegian Sea and in the Atlantic.

So even with 15 carriers there is going to be that competition between General Galvin and Lee Baggett. For example, there is going to have to be a decision made as to where the fourth carrier goes in that allocation of forces between CINCEUR and CINCLANT.

Senator WARNER. Thank you, Admiral, and I thank the Chair.

FORCE STRUCTURE REDUCTIONS

Senator EXON [presiding]. Thank you, Senator Warner.

Gentlemen, as you know, one of the major features of the amended fiscal year 1989 budget request is reductions in the force structure of all of our services.

My first question in this regard is, and then I will have a follow-up, were you consulted before the final decision was made to propose these reductions to the Congress, Admiral?

Admiral BAGGETT. Yes, sir, we were; not across the board, but we were consulted during the program budget decision stage and the finalization of the budget.

We also participated in the Defense Resources Board meeting incident to the formulation of this final budget specifically on 18 December with the Secretary of Defense, the Chiefs of services, the service Secretaries, the Chairman, Mr. Taft, and the Unified CINCs.

So, unequivocally, yes.

Senator EXON. So it is fair to say that you were consulted and had a chance to comment before the message was sent to the Congress?

I am not going to ask you at this time, at least, what your comments were, but you were given the opportunity?

Admiral BAGGETT. Yes, sir, we certainly were.

Senator EXON. General, I did not want to give you the chance because I figured it would take all afternoon.

General RICHARDS. That was also true for the U.S. European Command. We had an opportunity to comment, and we were a full player in the decision.

Senator EXON. How do you think these reductions will affect the capability of your commands? Seriously, I am sure you would rather have more.

Specifically from your standpoint, General, how will the deactivation of the 401st Tactical Fighter Wing affect the defense of NATO's southern flank?

General RICHARDS. We are hoping that that does not happen. Currently, the relocation funding decision is being looked at in NATO circles. General Galvin is personally working that with our allies, working it very aggressively, trying to get a decision from NATO about funding and about siting, hopefully by this summer. We are looking at June, possibly July, for a decision out of NATO.

Once a decision has been made that NATO will fund, and we are talking about full funding of the relocation of the 401st, then we will start site survey and move toward that decision.

Senator EXON. So I guess the answer is obvious. Unless that takes place, there is no question but that we will have less than the strength that you would like to have in the southern flank?

General RICHARDS. Absolutely. It would be a real blow to the southern region of NATO.

Senator EXON. Do I take it, then, General, that you are cautiously optimistic about the realization of the present efforts by General Galvin?

General RICHARDS. I am very cautiously optimistic.

Senator EXON. Thank you. My time is up.

Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman. I join in welcoming our witnesses today.

U.S. CARRIERS

Admiral, let me ask you a few questions first. I guess that the carrier issue was raised by Senator Warner, so let me just follow up to his questions about those 15 carrier battle groups.

Do we need a 14th carrier air wing to support 15 carrier battle groups?

Admiral BAGGETT. Right now, the plan is to use reserve air wings.

Senator LEVIN. For two or one?

Admiral BAGGETT. For two.

Senator LEVIN. So we disestablished the 14th carrier?

Admiral BAGGETT. The 14th carrier air wing.

Senator LEVIN. Is that through choice?

Admiral BAGGETT. That was by fiscal requirements, Senator.

Senator LEVIN. Has the Navy decided that it is going to be able to do it with two reserve air wings?

Admiral BAGGETT. Yes, sir.

Senator LEVIN. Could you send us some of the documents which were filed to support that conclusion? We had always thought there were going to be 14 carrier air wings needed for a 15 carrier battle group.

Admiral BAGGETT. I will provide that.

[The information follows:]

Currently the Navy has 14 deployable CVs and by 1990 will have 15 deployable CVs.

The Navy objective is to have 14 fully modernized active carrier air wings (CVW) by year 2004. The Navy position is that a 13 Active/2 Reserve CVW force structure can support a 15 deployable carrier (CV) force structure in peacetime.

The Navy long range CV overhaul plan has 3 CVs concurrently in SLEP, Comprehensive Overhaul/Nuclear Refueling Overhaul, or regular overhaul until 1997. In wartime, the 13 Active CVW's would deploy with the CVs not in overhaul status. The Reserve CVW's would deploy as the remaining CVs complete overhaul (first expected to complete within 3 months, the second by 6 months).

COMBAT AIRCRAFT

Senator LEVIN. A couple years ago the Navy testified that it needed to buy 325 combat aircraft a year in order to support 15 carrier air wings. This year the number is less than 200. I am wondering how you are going to be able to afford the 15 carriers if we cannot afford the aircraft which we need to put on those carriers?

Admiral BAGGETT. What we will see is an aging of the carrier air wings which today average 11.1 years for all aircraft and 10.4 years for the fighter and attack aircraft in the air wings. The target is 10 years, so we will see over time an aging unless we increase the average number of aircraft procured every year.

Senator LEVIN. But is the situation satisfactory where we are buying less than 200 new combat aircraft a year?

Admiral BAGGETT. It is satisfactory in the near term, but current fiscal realities will eventually reverse the trend of this decade toward reduced age of fighter and attack aircraft.

Senator LEVIN. Is the aging of those combat aircraft something which is of concern to the Navy?

Admiral BAGGETT. It is certainly of concern to me as a Unified CINC.

Senator LEVIN. Were the figures that you just gave us the figures after this year's proposed purchase?

Admiral BAGGETT. The figures I gave you are after this year's aircraft deliveries.

Over the long haul, we have had aircraft in the air wing older than that by as much as 3 years on the average.

Senator LEVIN. When was the last time we were above 20.3?

Admiral BAGGETT. Pardon me?

Senator LEVIN. What is the average? 10.4? When was the last time that we were above that average?

Admiral BAGGETT. For the entire air wing we are at our highest average age since we started keeping this statistic in the mid-1970s. However, the 10.4 average for the fighter and attack aircraft is still going down, so the last time we were above that figure is last year.

Senator LEVIN. What is the projection for next year's budget? Do we know?

Admiral BAGGETT. For fiscal year 1989?

Senator LEVIN. Yes.

Admiral BAGGETT. The number of air wing aircraft is 117.

Senator LEVIN. You have made reference, Admiral, in your statement of the sustainability ratings of your components indicating that one out of 17 was in the S-1 category, which is fully combat sustainable.

Is that correct?

Admiral BAGGETT. Yes, sir.

Senator LEVIN. Can you tell us what that one component is and how the other 16 rate?

Admiral BAGGETT. S-1 is class 9 for my Air Force component, and that is repair parts.

Senator LEVIN. Could you give us for the record the ratings of those other 16 rather than going through them now?

Admiral BAGGETT. Yes, sir. I will be happy to.

[The information follows:]

Applicable CINCLANT S-Ratings for prepositioned war reserve stocks are:

LANTFLT

[Deleted.]

SOVIET SUBMARINE FORCE

Senator LEVIN. You have also made reference in your testimony, I believe, on page 16 to the following: that in 10 years, nearly one-third of the Soviet force, 100 submarines, will be equipped with their modern quieting technology. Compare this to our projected 1998 sub force of about 100, two-thirds of which will be more than 10 years old.

My question about your testimony is what percentage of our projected submarine force in 1998 will be as quiet or quieter than the 100 Soviet subs that you estimate will then be equipped with modern Soviet quieting technology?

Do you have any estimate on that?

Senator EXON. Let me interrupt for just a moment, Senator Levin. The question is certainly in order, and I see the Admiral thinking.

We may be going into closed session following this, and I advised the General and the Admiral to feel free to answer any questions they could, but if they did not feel they could in open session we would, if necessary, hold a closed session.

Senator LEVIN. That would be fine. I would not want to go to a closed session just for that.

Is that something you can answer in open session?

Admiral BAGGETT. Not without reference to specific numbers, Senator.

Senator LEVIN. In that case either save it for the closed session that our chairman has indicated, or you could perhaps file for the record a classified version.

Admiral BAGGETT. I will be happy to do either one, Senator.

Senator LEVIN. Thank you.

AMMUNITION STOCKS

General, let me ask you a few questions. On page 18, you refer to a commitment by NATO's defense ministers to raise the level of ammunition stocks in coming years.

Can you tell us more about that? When did this happen? When was that commitment made? To what level did they agree to raise the ammunition stock?

General RICHARDS. The decision, Senator, was made in 1986, so it is a recent decision, and it is in line with our effort to see if we can do more coproduction of ammunition or equipment that we can use mutually in the alliance.

There has been a little progress in that at this time, but at least the decision has been made in the area of ammunition production.

Senator LEVIN. My time is up.

Senator EXON. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman. I would like to thank the witnesses for their appearance here today and their very important testimony.

STRENGTH OF WARSAW PACT FORCES

General Richards, I note in page 4 of your testimony, you said, "In General Galvin's view, the Warsaw Pact forces facing our outnumbered forward deployed forces are stronger than ever."

I think, as you are probably aware by now, there are some differences of opinion about not only the threat as it exists today as far as the Warsaw Pact is concerned, not only the imbalance that exists today, but as to trends as they exist and how you and General Galvin view them in the future.

I would appreciate your response as far as your area of responsibility is concerned on those issues, and then if Admiral Baggett would respond as far as he is concerned.

General RICHARDS. Yes. General Galvin's primary concerns and certainly my concern, is in the offensive nature of the Warsaw Pact units that we are seeing deployed more and more into the Eastern bloc countries.

Certainly, the more modern weapons systems, the T-80 tank for instance, and all the armored units. We are looking at very modern equipment, almost as capable as some of ours, backed up by units that are more capable of mobilizing, more ready and certainly with more combat service support than we have ever seen in the past.

The major stockpiles of equipment include POL ammunition in great quantities, up to 60 days of supply, forward positioned to support an offensive capability that causes us great concern.

Senator McCain. The information that you have is that the imbalance remains the same, is worsening, or getting better?

General Richards. The balance of forces has remained relatively constant over the last few years, but the capability of the forces has improved significantly. We have improved, they have improved.

Senator McCain. As you see it unfolding in, say, the next 5 years, how do you view it?

General Richards. We see absolutely no decrease in the numbers or the quantity or quality of the equipment that they are producing. We see no slowdown in that. In fact, as we look at the Soviet Union, we see more and more pieces of modern equipment flowing out of the production lines.

Senator McCain. At risk of leading the witness, does that mean that you see this trend worsening?

General Richards. Yes, I do.

Senator McCain. Thank you, General.

Admiral Baggett.

SOVIET SUBMARINE FORCE

Admiral Baggett. Basically in my statement, Senator, I made reference to the Soviet submarine force, and I can truly say as the Atlantic Commander the threat that I am most concerned with by far, and I speak as SACLANT as well as U.S. CINCLANT, is the Soviet submarine force.

In my unclassified statement, figure 6 on page 17 tells it more graphically than I can verbalize it without attaching numbers. It shows clearly the trend from 1970 to today of Soviet submarine quieting versus U.S. submarine quieting. The trend is not favorable to us.

That is not to say that the Soviet submarine force has suddenly gotten quiet, but the trend is there, and when you look at the Soviet building rate of 8 to 10 new submarines per year, which is an average of about one every 37 days, the U.S. submarine technology advantage is being seriously eroded.

Ten years from now, as indicated in the follow-on chart, the Soviet submarine order of battle is not going to change radically. It is still going to be somewhere in excess of 300 submarines, but the thing that is of concern to me is the fact that one-third of those submarines will have been built between now and 1998.

So over time, that population will quieten as they bring in that new technology. That is the trend.

From an air threat standpoint, we are increasingly faced with improved Soviet fighters. We are now seeing Soviet Backfires and Soviet Naval Aviation units escorted by fighter aircraft.

So the aviation threat is increasing. It is not as great from a maritime standpoint as elsewhere but nonetheless, the Blackjack that is being introduced into the Soviet air inventory, the Backfires, the Bears, the Badgers, are all very capable, and they are improving their standoff missile capabilities.

Senator McCain. So in your view, is the trend worsening or static?

Admiral Baggett. It is worsening. The quality gap is closing.

Senator McCain. Thank you, Admiral.

ASW

Perhaps this is an aside here on your comments on ASW. Without getting into classified information, the compromises that were revealed in the last few days due to the spy cases, has that had a significant impact on their capabilities? The Walker case?

Admiral Baggett. Senator, I am not sure. I think the significant thing is that Walker revealed to the Soviets how important it is to make submarines operate quietly.

Senator McCain. Thank you.

GERMANY'S SHORT-RANGE NUCLEAR FORCE

General, are you concerned about the lack of desire or lack of enthusiasm on the part of the Federal Republic of Germany to modernize their short-range nuclear force?

General Richards. Yes, we are concerned, but having said that, I think it is probably too early to try to force that decision on the Germans. We are looking at the follow-on to LANCE as a weapons system that we need, but we do not need that until 1995.

So although we may need to make some decisions here in the United States, perhaps some funding wedges or something in the budget, some continued R&D, we are not looking at fielding that system now.

I think what needs to be done in the alliance is to reaffirm our commitment or need for a nuclear capability in the alliance. Having done that, then we can define what those weapons systems are that we need.

If we go back to Montebello in 1983 and if we look at our NATO weapons requirement studies, to include the most recent study, we find that the alliance has stuck together and supported the requirement for those weapons systems to include LANCE, a follow-on to LANCE, and certainly an air-to-surface missile, the TASM.

So I think once we get over the political hurdle that we have, the fear in Germany of short-range nuclear weapons impacting only on Germany and they recognize there is still a need for nuclear weapons, then we can get on with what those things will look like.

Senator McCain. If I might just ask, Mr. Chairman, a question for which I think there is a two-word answer.

How many years would it take for us to develop that system which would be a follow-on?

General Richards. I will provide the answer for the record.

[The information was supplied and is retained in the committee's files.]

Senator McCain. If we started now?

General Richards. Yes, but the Army needs to initiate the follow-on to LANCE [FOTL] program in fiscal year 1988. We are currently assessing a number of candidates which would take advantage of existing missile systems and mature technologies to meet the FOTL requirement.

Senator **McCain**. Thank you, Mr. Chairman.

Senator **Exon**. Thank you, Senator McCain.

Senator Nunn.

Senator **Nunn**. Mr. Chairman, I am not feeling too well today, and I appreciate your presiding. I am glad to see our military leaders here, but I think I will pass my questions.

Senator **Exon**. All right.

Senator Warner.

Senator **Warner**. Gentlemen, I would just like to ask the General a question which I have put to the Secretary of Defense, the Chairman of the JCS, and which I intend to try to put to all members of the CINC group.

We are now experiencing the fourth year in a row looking at a budget for the Department of Defense with negative real growth. Reductions have to be made in all the services to accommodate these lowered budget figures.

Of course, as we all recognize, there has been no reduction in the level of threats faced either by our allies or this country in working with our other friends.

Now, in brief, the witnesses thus far have replied to these questions along the lines that we will salute and march off and accomplish our mission, recognizing that there is somewhat greater risk. They stated that it is difficult to quantify that risk, but know it is there and it is increasing.

IMPACT OF BUDGET CUTS IN FISCAL YEAR 1988

I wonder if you could tell me what are likely to be the impacts of the budget cuts in fiscal year 1988 and those proposed in fiscal year 1989 on your individual commands, your capabilities and on your sustainability.

If you have covered this in your opening statements, I will accept that, however, I would also like to put it in this part of the record.

Admiral **Baggett**. Senator Warner, I addressed it in my statement to some degree. I have developed some charts showing the budgetary reduction impact on sustainability of ordnance and spare parts.

What is included in that, of course, are implications for overall readiness downstream.

We are not seeing those effects right now because of lag time, but they will appear in the spare part bins in 2 years. They will appear in Air Force mission capabilities which are now high because of full funding in fiscal year 1985.

We are not seeing those effects now, but downstream every one of my component commanders is projecting a downward trend. Certainly, experience in the past supports this projection. You cannot reduce the funding and reduce the procurements without seeing a diminution in readiness.

I think we balanced it by eliminating programs in order to keep the affordability factors for continuing programs up to a level where we are not at a misery rate. We are making procurements that are still economically sound by virtue of having eliminated programs with vertical cuts.

Downstream, certainly, we are already starting to see the impact on depot level maintenance that is underfunded in fiscal year 1988, and we are seeing a diminution in training opportunities.

For example, my Air Force component commander has cut back on training deployments to the European theater except for joint exercises. He has cut back on Red Flag, the combat training exercises that have been routinely conducted. He has cut back on command post exercises. The Tactical Air Commander at Langley, General Russ, my AFLANT component commander, overall in fiscal year 1988 is cutting back on about 25,000 flying hours.

The Navy has a comparable figure with a cut of some 50,000 flight hours. My Navy and Air Force component commanders have balanced fiscal year 1988 budget deficiencies by cutting about 12 percent in flying hours per month per pilot. That is a representative set of figures.

NAVY FLYING HOURS

Senator **WARNER**. Where would you want to see that average of flying hours as opposed to where it is now?

Admiral **BAGGETT**. What I gave you was basically one sortie reduction per month. So the average Naval air syllabus requirement is 26 to 29 flight hours per month per pilot, depending on the type of aircraft that we are talking about.

Senator **WARNER**. What is optimal?

Admiral **BAGGETT**. That which gives you a primary mission readiness is what is agreed upon as the optimum. That includes allowances for deployed pilots to fly at 115 percent of what they fly when they are back in the local operating areas off Norfolk, for example.

So it is complex, depending on where you are in your training syllabus. The pilots that are deployed typically are allocated 115 percent of their primary mission readiness. The overall average is 87 percent of PMR, and 2 percent of that is in simulators.

It is a complex equation, but the point is the reduction is roughly one sortie a month for a tactical aviator.

Senator **WARNER**. General, what is your view on that broad question?

General **RICHARDS**. Well, I would agree with Admiral Baggett that we are in pretty good shape because of the very good decisions that have been made over the last 5 to 6 years with regard to weapons procurement.

We are looking at the most modern force we have seen in recent history, but that modern force can decay quickly if we do not provide it, as Admiral Baggett also said, the spare parts and the flying hours that are so necessary to maintain proficiency.

For instance, in the U.S. European Command we have recently taken a $100 million fiscal year 1988 cut just in USAFE for O&M. General Kirk, Commander of USAFE, is going to run out of flying hours and ideas and everything else about September 15 given that cut.

So cuts like that will certainly affect readiness. If we want this force to stay modern, we have got to continue to procure an absolute minimum number of replacement aircraft. We have to continue to move forward with force modernization and we have to continue to provide the parts and the flying hours to do realistic training or we are going to lose the edge that we have right now.

Senator **Warner**. Thank you, Mr. Chairman. My time is up.

Senator **Exon**. Thank you, Senator Warner.

Senator Levin.

Senator **Levin**. Thank you, Mr. Chairman.

AMMUNITION STOCKS

General, you have made reference to a 1986 meeting of defense ministers relative to the ammunition stocks.

Can you tell us a little more about that? Was there an agreement specifically on what levels they would raise the ammo stocks to?

General **Richards**. Senator Levin, I cannot give you a lot of details. I am sitting here for General Galvin wearing the U.S. hat, but I can certainly provide that information to you for the record. I would be happy to do that.

Senator **Levin**. That would be helpful.

If they did agree to certain specific levels of ammo stocks, then if you could let us know probably in classified form to what level they have achieved those stocks.

General **Richards**. Yes, we will certainly do that.

[The information follows:]

The NATO Defense Ministers have committed their nations to increasing ammunition stock levels and that by the early 1990s, the non-U.S. NATO allies, in the aggregate will achieve roughly 80 percent or better of NATO's 30-day stockpile objectives for over half of 24 major ammunition categories.

Senator **Levin**. General, you also made reference to the fact that we are not currently meeting our commitment to reinforce Europe due to a lack of available warehousing to support the prepositioning of U.S. equipment. That is kind of troubling to me that that would even be one factor in our falling down from where we want to be.

WAREHOUSING FOR U.S. EQUIPMENT

Can you tell us what the status is of our efforts to secure warehousing from our allies?

General **Richards**. I am sure you will recall that over the last few years when General Rogers testified here on our problems with regard to our commitment to NATO to provide 10 divisions in 10 days, one of his primary concerns was that we did not have enough combat or combat service support units for the Army to do their mission. That was his principal concern.

We have chosen to look at it with a broader view, to look not at just individual shortfalls that we have but to look at the total or a balance of things that would cause us not to be able to make that commitment.

Certainly, warehouses, climate-controlled warehouses, are one of the shortfalls; and we still have significant shortages in POMCUS.

We have about half of the POMCUS. One of the reasons we have not been able to fill POMCUS is the shortage of warehouses. That relates to the fact that we cannot procure the property in Europe. It is very difficult to do that.

Senator LEVIN. Should our allies be providing that warehousing?

General RICHARDS. They are. Some of the warehouses that I am talking about are funded in Slice 39 of the infrastructure funding, and the allies are continuing to work on that problem.

Senator LEVIN. Have we asked for a lot of warehousing that has not been provided?

General RICHARDS. It is a gradual process. We would like to have more land now, but——

Senator LEVIN. Can you provide for the record the outstanding requests that we have made, like the warehousing, that have not be satisfied?

General RICHARDS. I can.

[The information follows:]

We do have shortfalls in warehousing, but they are not caused by lack of funding support from the NATO infrastructure program. The problem is really availability of land. Simply put, the host nation must provide the land; NATO infrastructure funds construction costs; and we pay operating costs. The host nation government usually must purchase the land, and have approval of the local government for the construction. Local governments, even those in the U.S., often oppose the construction, which stymies the process. We have not been denied infrastructure funding for any eligible warehouse; we simply cannot proceed with construction without the land to build on. Our Army component is currently negotiating for two new POMCUS sites in Belgium. If the negotiations are successful, as I believe they will be, the construction costs, already programmed, will be provided under the infrastructure program.

Senator LEVIN. You indicated in response to Senator McCain that the trends are against us in Europe, and I am wondering if you would expand that a bit.

Do you think, for instance, that our forces in Europe are worse off today than in 1980 vis-a-vis the Warsaw Pact?

General RICHARDS. No, I do not think they are worse off than they were in 1980. I think we are much better than we were in 1980.

Senator LEVIN. Vis-a-vis the Warsaw Pact, is the balance worse now than it was in 1980?

General RICHARDS. No, it is a moving target, and it is very difficult to answer that question. They continue to modernize and out produce NATO.

I would say that right now, our modernization has kept up with their modernization. If we slow down, if we do not continue to provide the things that we need, the modern systems, the training, training dollars, the spare parts, and they continue to produce as they are with new weapons systems coming out every year, then they are going to close the gap very rapidly.

So it is a race.

Senator LEVIN. Of course. So it is a matter of if we slow down and if they continue, then the gap is going to get worse?

General RICHARDS. Absolutely; and if the allies slow down.

NAVY AIRCRAFT

Senator **Levin**. I have just one question for the Admiral. We have the age of overall aircraft in the Navy, which shows the average has been going up for at least the last 15 years each year, and I am wondering whether you have some different information relative to combat Navy aircraft.

Admiral **Baggett**. Senator Levin, I gave you the numbers for carrier air wing, TACAIR aviation. I did not include in that numerical set such aircraft as the P-3 maritime patrol aircraft.

Senator **Levin**. So in carrier aircraft, the trend has not been getting worse consistently since 1974. There have been ups and downs in that trend?

Admiral **Baggett**. It has fluctuated, yes, sir.

Senator **Levin**. As a matter of fact, I think I asked you for that already for the record.

Admiral **Baggett**. Yes, sir, you did.

Senator **Levin**. We will make this part of the record, also, for all combat Navy aircraft. Yours is a subset of that? Yours is just carrier aircraft?

Admiral **Baggett**. Yes, sir. Mine is carrier air wing aircraft.

Senator **Levin**. I am going to save you a job. The Navy has already provided us the average age statistics of all combat aircraft Navy, and so I will make that part of the record, and then all we will need from you is the subset carrier aircraft.

Admiral **Baggett**. All right, sir.

[The information follows:]

NAVY CARRIER AIRCRAFT AVERAGE AGE STATISTICS FOR 1988

Type	Number	Age
F-14	464	9.0
F/A-18	395	2.9
A-6E	341	14.7
KA-6D	68	23.5
A-7E	311	15.0
EA-6B	93	8.2
E-2C	94	8.1
S-3	164	12.8
SH-3	142	24.2
Total	2,072	11.1

Chairman **Nunn** [presiding]. Let me ask just a couple of questions.

CINCS AND THEIR BUDGETS

General Richards, I note in your statement that you mentioned the reorganization provision which gave the CINCs the authority to have their own in-theater type budget. You did not think that was necessary?

Correct me if I am wrong, but it is my impression that that was totally discretionary with the Secretary of Defense, was it not? It was not mandated?

General **Richards**. That is correct.

Chairman **Nunn**. It is not being done now, is it?

General **Richards**. It is not being done. It would be a monumental task for the CINCs to do that, to develop theater unique budgets.

Chairman **Nunn**. I really agree with you. You are saying you just think that provision does not need to be in the law? It is not causing any problems?

General **Richards**. It is not. We have more visibility in the service POM than we ever did before. As a matter of fact, in April all the services are coming over to brief the CINCs and myself on their POM. We are very happy with that process.

Chairman **Nunn**. Admiral, I notice you feel that the joint officer requirement experience level is going to put a very bad squeeze on your personnel management if it is not extended beyond October 1, 1988; is that right?

Admiral **Baggett**. Yes, Senator Nunn. That is the way I look at it.

I can cite my command, for example. My crunchpoint comes with the fact that I have 69 critical joint duty assignment billets, and I have only 32 officers who are either joint-qualified or potentially joint specialty qualified.

So I have a disparity there between 69 and 32, which means that I am going to have to have either an influx of 37 officers or some mix of shifts of people from one billet to another within the Atlantic Command an influx of some 37 people, which is not very easy to come by because of that joint qualification requirement. That is what I was referring to.

Chairman **Nunn**. Do you suggest a 1-year delay in implementing that, or do you suggest changing the law itself?

Admiral **Baggett**. I would like to see a 1-year delay in the implementation of that requirement, just so that I am not in violation of the law if the services' manpower personnel do not provide the quality that I need.

I think an extension of 1 year would give us a chance to have the assignment process stay up with the quality goals that are in the law as indicated by the promotion requirements that have to be balanced between joint staffs and service staffs.

Chairman **Nunn**. You probably ought to make sure that the House knows your position on this. Make an effort to get in touch with the House Armed Services Committee. We agree with you. We think it ought to be more flexible, but they are going to need some convincing.

Admiral **Baggett**. I will do that, Senator.

Chairman **Nunn**. Are you testifying before the House?

Admiral **Baggett**. The Appropriations Committee, the Defense Subcommittee.

Chairman **Nunn**. I suggest you make sure that the manpower people and the whole committee knows about it.

Admiral **Baggett**. Thank you, sir. I will.

Chairman **Nunn**. It will help us in conference. Thank you.

General **Richards**. I will plan to do that, too. I will be testifying. We certainly do need flexibility. For instance, in European Command Headquarters, the tour is a 3-year tour. If we stick with that, you do not get credit for a joint service tour. So we have to have a little bit of flexibility.

Chairman NUNN. Thank you, Mr. Chairman.

Senator EXON [presiding]. Thank you.

Senator McCain, do you have further questions?

Senator McCAIN. Yes, sir.

Senator EXON. I have passed the last two rounds, trying to move things along. If you will proceed, I will wind up.

Senator McCAIN. Thank you, Mr. Chairman. I will try to be brief. I appreciate your indulgence.

General Richards, in response to a question that Senator Levin just asked, I understand your answer was that the trends are worsening. Then in exchange there, you said, "if we slow down."

Is there any doubt in your mind that we are slowing down if you look at the Defense budget?

General RICHARDS. No, there are no doubts in my mind that we are slowing down.

Senator McCAIN. Thank you.

MODERNIZATION

I would like to return just for a moment to this whole issue of modernization and the dilemma that it puts us in as well as the Federal Republic of Germany. It seems to me we have a chicken-and-egg situation here. It is difficult for us to propose the authorization of funding for a system until our allies have at least agreed that it should be installed on their soil.

At the same time, unless we do something like, in my view, extending the range of whatever the proposed replacement is, it poses a very difficult political problem for the West German Government.

I would like your response to that.

I also would ask about the dilemma that is posed by the development of the Army tactical missile system, which is dual capable. If we develop and deploy such a system, then we have an automatic problem with verification again.

Would you address those two questions?

General RICHARDS. Well, to your first question about the decision to continue R&D when we do not have a decision to deploy, I think we do have an alliance endorsement to deploy, not specifically Germany at this time but certainly by the alliance.

Now, whether we are actually going to get them to say yes to accept a follow-on to LANCE is still a question to be determined, a political question to be determined; but we have the overall endorsement of the alliance to deploy a follow-on to LANCE.

If we are going to make that time line, we have to move ahead with some R&D. We have to continue working on the ATACM if that is going to be the follow-on to LANCE.

I do not want to speculate about what the follow-on to LANCE is going to be since, as you know, the CINCs levy the requirement on the services and they decide what the weapons system is going to look like. We think that is the way to do it.

We know that the Army is aggressively working toward satisfying our requirement for a follow-on to LANCE. I cannot talk in open session about exactly what they are doing, but they are making good progress.

Senator McCain. Thank you.

Thank you, Mr. Chairman.

Senator Exon. Thank you.

I have been listening to the testimony and looking at the statements by Admiral Baggett and by Admiral Hays from this morning's hearing. You have expressed a major concern with antisubmarine warfare. Yet, when we look at the major cuts in the budget, seven of the eight items that have been stretched out indefinitely and possibly cancelled go right to the heart of our antisubmarine program.

Admiral, what is the net effect of the delay or cancellation of seven of the eight programs, and how does it impact upon your ability to conduct antisubmarine warfare; or were these some choices that you had to make and you made them regrettably?

I hope you get the thrust of my question. You say antisubmarine warfare from the Navy's standpoint is the biggest challenge; yet, seven of the eight cancelled or deferred programs go right to the heart of the antisubmarine warfare. I am not sure I understand.

Admiral Baggett. Senator, I am not sure I am fully conversant with the seven of eight that you have, but I will say——

WEAPON SYSTEMS

Senator Exon. The Mark 48 torpedo, the Mark 50 torpedo, the vertical launch antisubmarine rocket, the low-cost sonobuoy, the passive signal monitoring systems, the new Mark 50 torpedo warhead, the V22 antisubmarine aircraft; those are the seven that I thought were very important programs.

Admiral Baggett. They are very important, and I would take those questions in this order if I could.

As for weapons systems, the Mark 48 ADCAP is a critically important system. It is coming along. It is just now coming into the inventory. For this budget year that we are discussing today, the Navy in fiscal year 1989 made a cut in the procurement numbers from 350 down to 261, I think.

We are right now overall inventory-wise for the heavyweight torpedo well above some of our other threat ordnance. I will leave it at that in this open hearing.

With respect to the Mark 50, the lightweight torpedo, that torpedo had some developmental problems 1½ years or more ago that required a restructuring of the program. That program gives every indication that it is on track now and meeting its test wickets and is going to be a successful program.

Again, though, the lightweight torpedo, which is the Mark 46 which is being replaced by the Mark 50, is up to an inventory level that we can say in this session is above what the average is for threat ordnance.

With respect to the V22 OSPREY, it was a matter of fiscal constraints that moved that program to the right.

Parenthetically, I would say that what I am interested in and need as a CINC for antisubmarine warfare capability is not new airframes as much as I need modernization of the sensor systems that are in the existing airframes. That is my first priority, to upgrade the maritime patrol aircraft, the P-3C. The weapons systems improvement program for the S3, the carrier ASW aircraft, is also critically important. We preserved those programs. They are still in the budget. They are robust programs and needed.

The SH-60F helicopter that is being bought in this budget year of fiscal year 1989 is a helicopter program to replace the aging SH-3H, which has gotten to the point that we need a replacement.

So to be a little more brief than I have been thus far in answering your question, it is a fiscal matter of making the cuts to balance the budget across the board in the long run.

Senator EXON. I guess what you are saying in a nutshell, then, so that I can understand it is that you felt it was important to make improvements in other areas, and you were willing to make that to forego or delay some of the weapons systems.

Is that what you are saying, Admiral?

Admiral BAGGETT. I would put it this way. We have slowed the growth in procurement of weapons systems in order to balance out the program with force modernization. The SSN-21 certainly is in the budget.

We have not cut back on overall ASW funding, and I am very well satisfied with the ASW master plan which the Chief of Naval Operations has provided to the Congress within the last 2 months.

I have read that plan very carefully. I was early on, in a previous incarnation, concerned with the formulation of that master strategy for ASW, and I think we are on the right track if we will keep the funding levels up in a balanced fashion.

REINFORCING EUROPE WITH 10 DIVISIONS

Senator EXON. This question is to both of you. The United States has pledged to reinforce Europe with 10 divisions and more than 1,500 aircraft within 10 days of the beginning of mobilization.

Can the United States meet the pledge today, and how much of this commitment can it fulfill if it cannot meet the full commitment?

General RICHARDS. I will speak to that first, Senator. I will provide the answer for the record.

We have many other problems. We have POMCUS shortfall.

We have a problem with strategic lift, both sealift and airlift. The C-17 is certainly going to help. We need the Navy Flat Rack and Sea Shed programs desperately because there is a declining number of bulk cargo ships. Everyone in the world seems to be moving toward other kinds of container ships, and we cannot use those to lift much of the equipment that we would have to lift to Europe.

We also still have problems with host nation support. As you know, we rely on the allies to provide a lot of reception and onward support for our forces that come to Europe. We are making great progress. In Germany alone the Germans have committed over 93,000 troops just recently. We have the equipment, we have the units, we have trains, ambulance squadrons, and many things that we are going to need to help us.

We are unable to fulfill our host nation support agreements in the central region of Europe.

In preferred munitions, again, and we are talking about sustainment, we are unable to fulfill our requirement.

In modernization, we are doing well. With many new M-1 tanks, Bradley fighting vehicles and other equipment, but we are unable to completely fulfill our requirement.

In sustainment, and here we are talking munitions and other supplies, spare parts, we are under funded.

In warehousing, which Senator Levin talked about, we are unable to meet requirement, but we are making progress. We are trying to approach this in a balanced way to say that there is not one requirement that will solve the problem, there are many.

As we fill POMCUS our airlift and sealift requirement goes down.

So it is a floating game, and we are trying to look at each of these barometers and trying to work in a balanced way toward meeting 10/10. I would like to provide further information for the record.

[Additional information was supplied and is retained in the committee's files.]

Senator EXON. Admiral, do you have anything to add to that?

Admiral BAGGETT First, Senator, I would say the obvious. The decision to reinforce and resupply Europe would preferably come prior to hostilities. That is going to be a political decision obviously, but one that will go a long way to solving the problem.

I would only add to what General Richards said, that with regard to sealift, the equipment and supplies for the active brigades that we have to provide in the reinforcement and resupply of Europe would take considerably longer than 10 days. The estimates range between 30 and 40 days today in getting those active brigades to Europe.

As I said in my statement, one of my concerns should this have to be done under conditions of hostilities is the shortage of escorts, a shortage of maritime patrol control aircraft to ensure that I got those ships over there.

Those ships would not be sailed once to Europe and returned. There would have to be multiple sailings, and in many cases we are talking about sailings of somewhere around 1,800 in the reinforcement/resupply business during the first 3 months after the decision to reinforce and resupply Europe.

Senator EXON. I assume that if we should have mobilization in anticipation of the outbreak of hostilities, we could commandeer commercial air fleets to get bodies over there. The problem is when the bodies get there, they would have nothing to fight with, which is probably the key lacking ingredient rather than the movement of personnel itself; is that correct?

Admiral BAGGETT. That is absolutely correct. The items I talked about were the equipment and supplies for those active brigades. The airlift would get the troops there. Then the airlift would also accommodate some fraction like 7 to 8 percent of the overall cargo tonnage.

But the bulk of it would be embarked in the shipping, both European shipping out of the pool of shipping available to NATO, which incidentally is on about a 10-percent decline per year, and U.S. shipping, the MSC controlled shipping, the Ready Reserve fleet shipping, the national defense Reserve fleet shipping, U.S. flag merchant ships and those ships that are under effective U.S. control.

I would again echo what General Richards said with regard to Sea Sheds and Flat Racks that are absolutely required if we are going to utilize container ships to carry what I categorize as military cargo that up until this time had been allocated to bulk cargo shipping, which is on a decline more rapidly than any other type of shipping because of economic considerations.

Senator EXON. General, if we could get bodies over there, I assume we could get the airplanes over there. Do we have the airplanes that we could take from some other command to fill that gap of 1,500 aircraft?

General RICHARDS. Again, it really gets back to the scenario on how much warning time we have and whether the decision to reinforce Europe is made early. If it is, if we have, say, 14 to 15 days of warning and a decision to deploy the dual base units is made early, then we can get a significant number of Air Force units into Europe early.

In the case of Army units it is a little more difficult because of the large amount of cargo that we have to carry with those units, heavy cargo, outsize cargo.

But in the case of Air Force units, yes. We do not have all the bases, allocated operating bases that we would like, but we are again making progress, and each year the picture gets a little better.

On the Air Force side, the picture is not all bleak. We can get a significant number of aircraft in Europe and get the crews in, and we do not have to move a lot of outsize cargo to support them.

Senator EXON. Gentlemen, we have some additional questions that I will submit to you for answers for the record. I see no need to go into closed session as far as I am concerned unless there is something that either one of you would like to add for the record in closed session.

Do you feel that that is necessary?

Admiral BAGGETT. I do not, Senator Exon. I would welcome the opportunity should any member wish to get more details above what I have provided in my unclassified statement. I would be happy to provide that either in person or in writing.

General RICHARDS. I agree. I would do the same thing.

Senator EXON. General and Admiral, thank you very much. It has been very interesting, and your testimony has been right to the point. You have been very helpful and very generous with your time. We apologize for the one interruption that we had.

Please let us know when we can ever be of help as members of this committee.

Thanks for coming, and we are adjourned.

[Questions for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

READINESS AND SUSTAINABILITY DEFICIENCIES

Senator GLENN. How serious are these readiness and sustainability deficiencies? You bring them up every year, we listen, and then apparently little or nothing is done. Would you classify your current readiness and sustainability capability as a war stopper?

USEUCOM

General RICHARDS. The deficiencies are serious; that is why we bring them up. In the early 1980's we made significant improvements in both areas, with increased war reserve stock levels, introduction of modernized equipment, and higher OPTEMPO levels with tough, realistic training. The problem is that while we made modest improvements, the Soviets increased at a much higher pace. They have outproduced all of NATO in weapons systems, and have extensive stocks of war reserve material forward deployed. The negative funding trend has slowed, and in some cases halted, our pace of improvement. Is it a warstopper? General Galvin testified last month that he could sustain about 2 good weeks of fighting.

RISKS OF YOUR COMMAND

Senator GLENN. As you are all very much aware, we are now facing the fourth year of negative growth in the defense budget. Both Secretary Carlucci and Chairman Crowe have already testified before this committee of their concern over the increased military risks resulting from this trend.

I would be very much interested in your comments on how you evaluate the increased risks for your command?

USEUCOM

General RICHARDS. Considering the high priority accorded USEUCOM programs and the participation of General Galvin in the program decision councils, the increased risks within USEUCOM were, for fiscal year 1989, maintained within acceptable levels. Given the fiscal resource agreement for fiscal year 1989 reached between the legislative and executive branches of government, the proposed defense budget allocates funds in a prudent manner to minimize the global changes in risk levels.

USCINCLANT

Admiral BAGGETT. The primary risk is a reduction in readiness and availability of forces for peacetime deterrence commitments as well as wartime tasks. My primary warfare area of concern is ASW; but, considering fiscal year 1989 resource constraints, I am generally satisfied with the balance of the ASW program. However, continuous declining defense budgets will increase military risks each year as we reduce forces, readiness and sustainability, and fail to modernize adequately to offset obsolescence.

RISKS IN COMMAND

Senator GLENN. I would be very much interested in your comments on how you evaluate the increased risks for your individual command. Do you agree with the recommended program action in the fiscal year 1989 budget? Did you participate in the decision to take these actions? Would you recommend that this committee make any changes to the proposed actions?

General WOERNER. The reduction of defense spending results in increased risk of destabilization in the USSOUTHCOM AOR. At the time of the fiscal year 1989 Amended Budget Submission, I recommended some reductions in areas where I felt we could accept them. I am satisfied with the level to which the CINCs participated in the decision process. Any further changes made to the budget, as submitted by DOD, would result in an unacceptable level of risk.

REDUCED DEFENSE SPENDING

Senator GLENN. As a result of reduced defense funding, the fiscal year 1989 amended budget contains recommendations for service structure changes, program terminations, program deferals, and delays in starting new programs.

My questions are: Do you agree with the recommended program action in the fiscal year 1989 budget? Did you participate in the decision to take these actions? Would you recommend that this committee make any changes to the proposed actions?

USEUCOM

General **Richards**. General Galvin was a full participant in the action to cut $33B from the fiscal year 1989 budget. We were able to review the service proposals and take issues directly to Secretary Carlucci. Nearly every proposal we took issue with had funding restored. We support the fiscal year 1989 budget as it was submitted, and have no changes to recommend.

USCINCLANT

Admiral **Baggett**. Yes, the program adjustments were made in as balanced a fashion as possible given the overall funding and particularly the outlay constraints. Yes, the CINCs met with the Defense Resources Board and had an opportunity to address major concerns of budget adjustments. Several decisions were revised based on the CINC's input. I do not recommend any changes within the current levels for defense spending. However, if funding were increased, it would be prudent to address shortfalls in many areas: people programs, preferred munitions, wartime spares, depot maintenance, etc. Likewise, some important modernization programs would warrant increased funding to ensure qualitative improvement to our war fighting capabilities.

SR-71 PROGRAM

Senator **Glenn**. As a Combatant Commander, do you support [deleted] of the SR-71 Program?

USEUCOM

General **Richards**. USEUCOM does not support the [deleted] of the SR-71 program. According to the current fiscal year 1989 [deleted] plan, the total number of SR-71s will be [deleted] and the repair facility [deleted] SR-71s will remain at [deleted] to fly [deleted] missions per month. As a result, USEUCOM will [deleted]. The SR-71 will still be able to respond to worldwide contingencies; however, mission responsiveness, product timeliness, and overall costs could vary widely. Of particular concern is the [deleted] which could potentially [deleted]. Should the program be [deleted]. To date there are no systems with the capability to provide the all weather Barents Sea/Kola Peninsula IMINT coverage now obtained from an ASARS I equipped SR-71 nor are any [deleted].

SR-71 PROGRAM

Senator **Glenn**. One of the recommended actions that concerned me is the proposal [deleted]. As I understand it, this fiscal year 1989 action will lead [deleted].

As a combatant commander, [deleted].

USCINCLANT

Admiral **Baggett**. [Deleted.]

USSOUTHCOM

General **Woerner**. [Deleted.] The SR-71 provides a modernized system that in many ways supplants the U-2. It is particularly useful in the SOUTHCOM AOR, because it provides high resolution imagery in a region where tactical systems are politically unacceptable under most circumstances.

Furthermore, in a war-fighting environment, the SR-71 would provide timely intelligence at low risk. It is one system that "sees" deeply at relatively low political cost.

CREDIBLE CHEMICAL DETERRENT CAPABILITY

Senator **Glenn**. You have testified on the urgent requirement for a credible (and storage safe) chemical deterrent capability. Is that requirement still valid, and has anything happened that would modify or alter that requirement?

USEUCOM

General **Richards**. Yes, the requirement is still valid. No, nothing has happened that would modify or alter that requirement. The Administration's long-term goal of eliminating chemical weapons has not been met. Negotiations in Geneva continue to address complex issues such as effective verifications, protection of chemical industry rights, organizational structures to oversee such a ban, etc. Even if a chemical weapons treaty were concluded in 1988, it would still take at least a decade for complete destruction of national stockpiles. In the interim, the threat continues unabated. While the recent INF Treaty, when fully implemented, would reduce some aspects of Soviet/Warsaw Pact capabilities, other assets are available to hold deep targets at an undiminished level of risk. Almost all Soviet conventional weapons systems from mortars to long-range tactical missiles have compatible chemical ammunition or warheads that are available to land, air and naval forces. Future conventional arms reductions may reduce overall Warsaw Pact capabilities, but the level of risk from chemical attack to a potential target within range of any number of weapons systems will remain high.

READINESS OF RESERVE FORCES

Senator **Glenn**. An area that I am concerned about is how well the Department of Defense is integrating the Guard and Reserve into the Total Force. I am especially concerned about the readiness of Army Combat Support and Combat Service Support units. We got into this last year, and recent reports still indicate that 55 percent of our Army's Combat Support and Combat Service Support units are not combat ready. This leads me to wonder if we have gone too far, too fast in assigning missions to the Reserves.

Would each of you assess the readiness of reserve forces assigned to support you in the event of mobilization in your respective commands?

USEUCOM

General **Richards**. Army Reserve Components (RC) Combat Support/Combat Service Support (CS/CSS) forces are generally at a low level of readiness. Approximately [deleted] of the CS/CSS forces are generally not ready due to personnel and/or training shortfalls. Additionally, units that are trained on obsolete equipment would have to transition/learn to maintain the newer equipment of the units they would support. The RC air defense force is equipped with obsolete 1950 vintage weapon systems which have severely limited capability on today's sophisticated battlefield. Army RC combat forces earmarked to support USEUCOM are ready (with the exception of Air Defense forces). Early deploying RC combat forces have been receiving equipment upgrades (M1 and M60A3 tanks, Bradley fighting vehicles, and AH-64 and UH-60 helicopters) and adequate training.

Navy Reserve Forces are ready, with many of the units training on the active duty ships and with the units they will deploy to during wartime.

Air Force Reserve Forces are ready. Modernization upgrades included phasing out of older F4-C/D aircraft and transition to newer aircraft (F-15, F-16, and F-4E). Aircrews are trained for support of the European theater.

USCINCLANT

Admiral **Baggett**. USCINCLANT's apportioned Active Army force trends continue to reflect high levels of preparedness. The remaining forces, comprised of the Reserve and National Guard Combat Support and Combat Service Support units, still have serious shortfalls in personnel and equipment to undertake major portions of their wartime mission. They lack essential theater stocks, medical equipment and trained personnel.

Active, National Guard and Reserve Combat Support forces are holding about constant.

The C-1 through C-3 trend for Active, National Guard and Reserve Combat Service Support forces reflect positive gains, but Reserve Component preparedness concerns remain.

My Army Component Commander's most pressing concern is in increasing the readiness of the Reserve Component forces, particularly in the areas of personnel and equipment status. For the equipment shortages, funding reductions may impact planned fixes which will further exacerbate already existing shortages in the areas of night vision devices, helicopters, communication-electronics, medical, trucks and other support equipment.

USSOUTHCOM

General **Woerner**. We continuously provide an environment for Guard and Reserve training through our Exercise and Deployment for Training Programs for all three services. This benevolent force presence of citizen soldiers is an essential part of my theater strategy. And with each deployment, whether Exercise or Deployment for Training, the Guard or Reserve element involved takes that opportunity to enhance its readiness. We have no reason to suspect or doubt that the readiness of reserve forces assigned to support us in the event of mobilization is anything but acceptable.

MEDICAL READINESS IN RESPECTIVE COMMANDS

Senator **Glenn**. Another area we got into last year was medical readiness. Shortfalls in Reserve medical manpower are virtual war-stoppers. Figures we got last year indicate that the Reserves are short 56 percent of general surgeons, 67 percent of anesthesiologists, 72 percent of orthopedic surgeons, 52 percent of operating room nurses, and 57 percent nurse anesthetists. In addition, the Reserves are short by 73,000 enlisted health providers. We provided compensation and other authorities in the Defense Authorization Act we passed last year to help the Department work with this problem. I bring this issue up because it has a direct effect on combat readiness.

Would each of you please comment on the degree of medical readiness in your respective commands?

USEUCOM

General **Richards**. Current U.S. medical forces in Europe, with planned reinforcement, can definitively treat only those casualties who can be returned to duty within [deleted] personnel over ninety days. The Defense Guidance prescribes medical capabilities to support a minimum [deleted] evacuation policy, increasing returns to duty in Europe by [deleted]. The procurement of [deleted] beds over the Defense Guidance minimum would realize the optimal goal of a thirty-day evacuation policy returning [deleted] personnel to duty over ninety days. Questions concerning the status of Reserve forces should be referred to the services or ASD/HA.

USCINCLANT

Admiral **Baggett**. Our medical posture is marginally adequate. The Command's organic and a substantial amount of our deployable medical assets are manned by active duty members. The service surgeons have assured us that we will receive 100 percent fill of these requirements. Some 56 percent of our deployable medical assets (Fleet Hospitals, Combat Support and Evacuation Hospitals) are manned by Reserve or National Guard forces. The service surgeons have assured us of 100 percent Reserve manning for the fleet and force. However, this high priority of assignment will clearly result in CONUS sustaining base shortfalls both in quality and quantity of personnel until total reserve manpower requirements are recruited and trained.

We will continue to be critically short of beds (774 beds available for 4,030 requirements or 19 percent) until our Deployable Systems (DEPMEDS) are fielded in fiscal year 1992 (3,174 beds available or 79 percent).

USSOUTHCOM

General **Woerner**. I consider my medical forces in Honduras and Panama to be combat ready. Training opportunities for medical personnel in Latin America can neither be matched nor duplicated in CONUS. USSOUTHCOM medical personnel routinely see and treat maladies that few health care providers ever see in a lifetime. They constantly deploy to the varied climates of Latin America and perform their wartime missions in austere environments. I know that my medical forces would properly care for my fighters in combat.

The medical readiness of the Reserve components does not really impact on USSOUTHCOM. Medical forces earmarked to deploy to my AOR in current OPLANS/CONPLANS are almost entirely from the active component.

USSOUTHCOM makes a substantial contribution to the readiness of RC medical units. We will train 7 Army National Guard, 4 Army Reserve and 2 Air Force National Guard medical units during the remainder of fiscal year 1988. During fiscal year 1989, 22 Army National Guard, 10 Army Reserve, 2 Air Force National Guard, and 2 Air Force Reserve medical units are programmed to deploy to LATAM and train in their wartime specialties.

ASW THREAT

Senator **Glenn**. Admiral Hays, Baggett, you have continued to voice your concern over the ASW threat facing your command. I share that concern and because of that concern I have supported the Navy's plans to upgrade their ASW capability.

However, the fiscal year 1989 budget is recommending a deferral in the ramp-up in procurement of the MK-48 ADCAP and MK-50 torpedoes and the Vertical Launch Antisubmarine Rocket (ASROC). In addition, the budget proposes to delay the start of the development of the ASW Variant of the V-22 Tiltrotor.

I would like to know if you agree with the program changes in these important ASW weapon systems? In the case of the ASROC System I understand that you will have ships deployed with the ASROC launchers, but without the torpedoes to go with them.

Admiral **Baggett**. Certainly the MK-48 ADCAP is a critically important system and it is just coming into the inventory. The Navy in fiscal year 1989 made a cut in the procurement numbers from 350 down to 261, but, overall inventories for all models of the heavyweight torpedo are well ahead of some of our other threat ordnance.

With respect to the MK-50, the lightweight torpedo, the program had some developmental problems resulting in a restructuring of the program. This program gives every indication that it is on track now, meeting its test wickets, and is going to be a successful program.

Similarly, the VLS ASROC program schedule was delayed one year for expanded missile tests because of initial test failures. The original plan was to build MK-46 VLA then transition of MK-50 VLA. The Navy is now considering a number of programming options for a common stand-off weapon to save Research and Development funds.

The ASW variant of the V22 OSPREY requires further cost effectiveness review. My priority is not with new airframes as much as with modernization of the sensor systems that are in the existing airframes.

NATIONAL GUARD AND RESERVE

Senator **Glenn**. General Woerner, I understand that our National Guard and Reserve forces provide extensive support for your command. I would appreciate it if you would briefly describe to the committee the types of support the Reserve components provided last year and what support you expect from them this year.

General **Woerner**. The National Guard and the U.S. Army Reserve serve the U.S. Southern Command in numerous countries fulfilling major responsibilities while obtaining the best possible training for our troops. They have built or opened roads in the vast regions of Honduras, Ecuador, and Panama as well as having medically cared for literally thousands who would otherwise have never received treatment. The Reserve Component, including both National Guard and U.S. Army Reserve, has assigned 41 full-time Active Duty (AGR) soldiers to the U.S. Southern Command to assist in managing all Reserve Component activities and personnel.

The stated exercises listed detail all participation by RC troops in USSOUTHCOM.

	NG	USAR
Fiscal year 1987:		
Total Warrior	1,200	
Kindle Liberty 87	790	164
JOTC	600	600
Fuerzas Unidas Peru	10	
MP Rotation		60
Rehabilitation of Building 9 ND ARNG	19	
Rehabilitation of FMTS site GAARNG	160	
FMTS 3 rotations	188	
CA teams		141
FIN Dtch's		84
EN (utility dtch.) HO	171	
Public Affairs Detachment	9	100
Field Artillery Deploy-HO	593	
Abriendo Rutas 87-Ecuador	5,757	923
Blazing Trails 87-Honduras	1,700	4,509

	NG	USAR
Total	11,197	6,524
Fiscal year 1988:		
Total Warrior	1,218	
JOTC (2 BN)	1,280	
MP Rotations	702	
FMTS Rotations	739	
Public Affairs Dtch	104	139
Medical deploy (MEDDAC 142) (DENTAC JTF-B)		425
MI (linguists) USARSO	10	
Field Artillery-Honduras	720	
Eng. utility dtch.-Honduras	144	
CA teams		169
Bldg. #126 Rehabilitation 115 ENCO	139	
Fuertes Caminos 88-Honduras	3,165	4,283
Abriendo Rutas 87 Extension	1,432	49
Total	9,643	5,065

The above numbers do not include an additional 964 NG military police soldiers. We have had 604 MPs train in Panama since August 1987 and anticipate 360 more prior to October 1988.

The Key Personnel Upgrade Program (KPUP) is a National Guard funded program allowing individuals opportunities to enhance their military experience. In fiscal year 1987, we trained 84 personnel. In fiscal year 1988, we have trained 132 through March and expect an additional 350 by October 1988.

The USAR provides Individual Mobilization Augmentees (IMAs) and Individual Ready Reserve (IRR) soldiers to train in various MOSs throughout the Command. The USAR processed:

Fiscal year 1987:	
Army	55
Air Force	32
Navy	25
Marines	0
Total	112
Fiscal year 1988:	
Army	340
Air Force	24
Navy	20
Marines	6
Total	390

In summary, we have trained over 33,000 National Guard and U.S. Army Reserve soldiers in 1987 and 1988 and believe them to be an extremely important and integral part of our total force in defense of the southern flank of the United States.

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

COMPARING FISCAL PROGRAMS

Senator McCAIN. Could you look back, and provide a statement for the record of how your current fiscal year 1989 program compares with the one projected in the fiscal year 1985-fiscal year 1989 FYDP, and of the major cuts you have had to make in your program as a result of the cuts in defense spending.

USEUCOM

General RICHARDS. DOD budget request for fiscal year 1989 is approximately $155B less than originally requested in the fiscal year 1985-fiscal year 1989 FYDP (Note: fiscal year 1984 FYDP covers the years fiscal year 1984-fiscal year 1988). Reduction impacts all appropriation accounts and reflects a reduced capability to sustain a strong military defense posture. Inherent in the reduced defense funding levels is an increased degree of security risk that must be accepted. Data on specific force structure reductions, program terminations and deferrals, reduced R&D and end-strength cuts are not available to this theater and reside within the services.

USCINCLANT

Admiral **Baggett**. Since the fiscal year 1985 FYDP, fiscal year 1989 DOD funding has been adjusted downward about $150B. Four years ago it was projected that in fiscal year 1989 Navy would buy 25 ships and 303 aircraft and Air Force 312 fighter aircraft. These projections have been reduced to requests for 17 ships and 192 aircraft for the Navy and to 216 fighter aircraft for the Air Force. Projected force structure has been reduced from earlier forecasts of six hundred ships for the Navy and 40 Tactical Fighter Wings for the Air Force. Procurement and modernization efforts were likewise lowered in scope. Although programs were generally reduced in a balanced fashion, readiness and sustainability have continued to be emphasized, but not fully funded; and results of the fiscal year 1988 and fiscal year 1989 budgets leave shortfalls in all areas and a trend downward in overall capability.

USSOUTHCOM

General **Woerner**. It would be difficult to go back as far as the fiscal year 1984-88 FYDP, since CINCs were not actively participating in the PPBS process at that time. USSOUTHCOM currently operates with less than 6 tenths of one percent of the total DOD budget, so it is difficult to document major cuts. But within the limited resources allocated to us, we have seen significant cuts in the areas of exercises, MILCON for housing, and at least significant delays if not termination of the STOL aircraft and Navy Special Warfare programs for USSOUTHCOM. While not officially a part of the DOD budget, the area of Security Assistance, which is critical to me, has been reduced severely; and INM funding, also important in the SOUTHCOM theater, has been reduced significantly over the fiscal year 1987 levels.

MAJOR CUTS IN PROGRAMS

Senator **McCain**. I realize that you may not have finished your revision of the fiscal year 1990–fiscal year 1994 FYDP, but could you provide a statement for the record of the major cuts you will have to make in manpower, procurement, O&M, readiness, and sustainability, and summarize the potential impact on mission and war fighting capability?

USEUCOM

General **Richards**. The choices reflected in the fiscal year 1989 amended budget are painful but necessary to achieve the maximum amount of effective defense capability at the constrained budget level. In summary, the fiscal year 1989 budget reflects a number of painful choices; rather than risk reducing the quality of the people in the force by cutting the pay raise, or lowering quality of life, the budget provides for fewer people; rather than let the readiness of the force diminish by cutting training and support, the budget provides for a reduced force structure; and rather than cutting quantities of a large number of production programs and incur higher unit costs, the budget cancels selected programs. Budget request carries greater risk than we believe prudent. The DOD plan seeks to minimize risks, but judgment remains; defense spending cap makes it more difficult to prepare adequately to defend U.S. interests. Key is to put stability, predictability, and steady growth back into defense budgeting.

USCINCLANT

Admiral **Baggett**. The fiscal year 1990–94 FYDP will not be finalized until this summer. The $20B reduction in fiscal year 1988 and $33B reduction in fiscal year 1989 TOA will be followed by similar cuts in the FYDP. Fiscal year 1988 and fiscal year 1989 budget decisions automatically cause some reductions in outyear spending. Adjustments are expected to be accomplished in as balanced a manner as possible given outlay constraints that have been imposed. However, the high reductions in outlay cause the Services to either take most of the reductions in O&M and manpower accounts which directly impact readiness or take disproportionately larger reductions in procurement accounts. Key concerns are the ability to take care of our people; maintain operational readiness; avoid serious backlogs in depot maintenance; and retain the significant improvements achieved in sustainability over the last few years. Significant modernization efforts—advanced systems; newer weapons; capability improvements—will be limited. The negative impact on mission and war fighting capability will need to be closely monitored.

USSOUTHCOM

General **Woerner**. While we have not seen any major cuts in our personnel accounts, the overall Service manpower cuts will potentially have an adverse impact on the theater not only in terms of exercise participation, but also in terms of ensuring adequate staffing to meet ever increasing mission requirements. Again, cuts in exercises impact not only the readiness of our troops but also impact negatively on our mission capability. Coupled with reductions in Security Assistance, these factors reduce U.S. presence in Latin America and open the door for further destabilization by Cuba, Nicaragua, and the Soviet Union. In the case of procurement, the delay and possible termination of STOL aircraft and Navy Special Warfare Units adversely affects my warfighting capability.

DEFENSE PROGRAM VERSUS THREAT FORCES

Senator **McCain**. Could you provide a statement for the record of how our defense program compares to those of threat forces, and of the trend you currently project in relative capability?

USEUCOM

General **Richards**. One of the major differences between U.S. and Soviet defense program funding is the long term stability that has been provided the Soviet military since the 1960s. While Soviet funding has been growing at a slow but steady rate, U.S. defense funding during the same period resembles a roller-coaster path of peaks and valleys. Soviet planners and programmers, backed by their predictable funding record, have been able to utilize effectively, the initially limited but now extensive, resources provided to them.

As a result, their military capabilities have been increasing steadily until the momentum of that increase is very significant. U.S. funding patterns have precluded the same steady capability increase. Each year over a five year period, DOD's funding may fluctuate as much as 10% above or below 0 percent real growth. The constantly changing appropriations cause readjustments to priorities; cancellation, stretching, or gaps in program execution; revised requirements based on new fiscal limitations; and numerous other revisions. This also has limited DOD's ability to negotiate with industry for long term, more economical production efficiencies since funding cannot be assured for more than the current year.

Thus, while U.S. capabilities pass through alternating periods of "feast or famine," Soviet capabilities are increasing steadily.

USCINCLANT

Admiral **Baggett**. While our military capability vis-a-vis the Soviet Union is favorable, the Soviet Union continues to develop an impressive arsenal of maritime forces whose wartime missions include defense of their seaborne strategic nuclear forces, a defense in depth of the sea approaches to the Soviet Union, interdiction of allied sea lines of communication, and support to the land campaign. We can no longer say that our numerical disadvantage can be offset by superior Western technology. The newest Soviet platforms incorporate quieting, sensor, C3 and weapons systems technology which is comparable to our own.

The Soviets are developing the capability to extend their homeland defense to the broad Atlantic. This complicates our wartime maritime strategy by directly threatening the reinforcement and resupply of Europe and the free use of the Atlantic by allied naval forces.

USSOUTHCOM

General **Woerner**. As you are aware, in the USSOUTHCOM AOR, the threat is not primarily measured in terms of divisions, airwings, or conventional armed capability. Rather, our threat consists mostly of the destabilizing influences of insurgencies, drug trafficking, and Soviet-backed influence. Our defense program consists of our efforts to defend the Panama Canal and preserve regional stability through U.S. military presence, education, training, and assistance to Latin American military forces. Funding for my programs and forces has not fared well on a comparative basis. Significantly, Security Assistance for Latin America has decreased dramatically and International Narcotics Funding has decreased since fiscal year 1987. While our trend line is negative, the Soviets and their allies see the region as a growth industry for current investments. The Soviets outspend the United States across the board in aid provided to the region by the ratio of approximately 6 to 1, and the ratio is increasing. At the very time when the Latin American democracies most need our help to survive, the Soviets are increasing their support for the forces of destabilization and we are reducing our succor of the forces of democracy and peaceful human progress. The trend is very negative for both Latin American and U.S. long-range national security interests.

KEY MISSIONS

Senator McCain. Could you provide a statement of the major risks this budget imposes in terms of your ability to carry out key missions?

USEUCOM

General Richards. There are two major risks that budget presents to USEUCOM. The first is that the Soviets may perceive it as a weakness in America's resolve to adequately defend U.S. interests. I believe the Soviets generally respect strength and tend to exploit weakness in others. If the Soviets perceive a weakening of the U.S. resolve to defend U.S. interests, this probably would reduce the deterrent effect of our U.S. and NATO forces.

Second, the current budget has forced a reduction in numerous areas, but specifically hard hit is the force structure/modernization. In the short term, this causes a slippage of up to one year in many programs. However, the gap between United States and Soviet capability will widen at a greater rate as the U.S. postpones and delays many programs and the Soviets continue in their modernization and research programs. The Soviets outproduce the United States in all major categories of weapons with the exception of aircraft carriers. If continued in future budgets, the United States would find itself in the position of bargaining from a position of weakness, rather than relative equality.

USCINCLANT

Admiral Baggett. [Deleted.]

USSOUTHCOM

General Woerner. Current budget cuts have significantly increased the risk that I will be unable to carry out several of my key missions. Specifically at risk is my ability to enhance USSOUTHCOM influence and strengthen allied cohesion through Security Assistance, combined exercises, and military dialogue to reverse Soviet, Cuban, and Nicaraguan influence, and to help Latin American militaries defeat insurgencies, terrorism, and narcotics trafficking.

RISKS TO FUTURE FORCE STRUCTURE

Senator McCain. What risks, if any, does this budget and the fiscal year 1990-fiscal year 1994 FYDP impose in terms of cuts in force our future force structure?

USEUCOM

General Richards. In order to meet the reduced fiscal guidance, force structure reductions have become necessary. In the near term, this means the Air Force will cut two tactical fighter wings, the Navy will retire 16 combatants, while the Army eliminates two brigades and slows significantly planned growth in the Reserve Components. Should the current trend of negative real spending growth continue, it is probable that additional force structure reductions will occur.

USCINCLANT

Admiral Baggett. The fiscal year 1990–94 FYDP has not been finalized and I have not yet received any specific service program actions for the out years, fiscal year 1990–94. However, with the fiscal guidance, we would anticipate that force levels will not grow. The existing force level will have increasing difficulty meeting ever increasing global commitments. Aircraft and ship procurement levels are not adequate to maintain a non-aging force structure. Force modernization and capability improvements will be delayed or stretched, and our qualitative advantages will erode.

USSOUTHCOM

General **Woerner**. The USSOUTHCOM force structure is a function of the services' force structure. While the services' structure is certainly being impacted, resulting in a higher overall level of risk, it is uncertain yet what the impact will be for USSOUTHCOM. I defer to the Services for this assessment.

REAL DEFENSE SPENDING

Senator **McCain**. How important is the rise in real defense spending called for the FYDP to avoiding further reductions in force structure, or serious reductions in mission capability?

USEUCOM

General **Richards**. The 2 percent increase in real spending is extremely important to insure we are able to maintain a credible deterrent in the face of the rapid, relentless increase in conventional capability of the Soviets.

USCINCLANT

Admiral **Baggett**. We need approximately 2 to 3 percent real program growth to sustain the current capability and maintain our qualitative edge. Readiness and sustainability levels cannot be reduced further without seriously reducing combat capability. The services are having great difficulty executing the reduced fiscal year 1988 program. My Air Force and Navy Components are already reducing flying hours to balance their fiscal year 1988 funding shortfalls and may have to cut further. The services are also trying to balance serious funding shortfalls in their manpower accounts. Fiscal year 1989 will be a greater challenge as the fiscal year 1989 budget reductions are more than 50 percent greater than those for fiscal year 1988. Shortfalls in readiness accounts and backlogs will be carried forward.

USSOUTHCOM

General **Woerner**. The projected rise in defense spending is needed to protect mission capability. Our mission capability can only be maintained through modernization efforts and retention of quality personnel. In this theater, our mission capability in the future will be determined by our ability to develop and field equipment and doctrine for Low Intensity Conflict (LIC). We are just beginning to understand LIC and adequate resourcing will need to be guaranteed.

TRADE OFFS TO PRESERVE READINESS

Senator **McCain**. Could you provide a statement for the record of the major tradeoffs you have had to make to preserve your readiness in fiscal year 1989, and of the problems this will impose in terms of procurement, sustainability, O&M backlogs?

USEUCOM

General **Richards**. We have not seen the Service POM's yet and do not know precisely the impact on EUCOM; however, I can make these observations about overall effects. OPTEMPO is funded to the full executable level required to support readiness. Sustainability reductions minimized warfighting impact by focusing on lower priority munitions or those with development problems. Modernization procurement took an overall reduction, but economic production rates were maintained in the highest priority programs. C-17 program, and production of AMRAAM, PHOENIX, STANDARD, and MAVERICK missiles increased. There will be fewer ships, air wings, and Army CS/CSS available in CONUS for reinforcement. We can live with the fiscal year 1989 budget, as is. What we cannot live with is continued negative growth in defense spending.

USCINCLANT

Admiral **Baggett**. In spite of procurement, sustainability and force level reductions, plus increasing O&M backlogs, Services were unable to make enough tradeoffs to preserve readiness in the Atlantic Command. The most immediate impact is the aviation readiness of my Air Force and Navy Components. Commander Tactical Air Command, who is my Air Force Component Commander, has cancelled all overseas training deployments (excluding JCS-funded exercises), one of four remaining

Red Flag exercises, and one of four Blue Flag (command and control) exercises, reducing the tactical air (TACAIR) flying hour program by 25,000 hours.

There is also insufficient funding to fly the required Navy TACAIR deployed profile. Underfunding in training and support has resulted in the reprogramming of TACAIR flying hour funds, and Aviation Depot Level Repairables (AVDLR) are underfunded by about 70 million dollars. Projected costs for fiscal year 1988 indicate likely exhaustion of available funds in early August. To balance requirements, Naval Air Force Atlantic Fleet will cut 52,000 flight hours (40,000 USN, 12,000 USMC) commencing 15 April. This is the equivalent of standing down two entire carrier air wings for the last six months of fiscal year 1988. The services are also considering various options to reduce personnel costs, all of which will impact out ability to retain experienced petty officers. The immediate impact will be a drop in C-ratings of readiness. The Navy will likely have to crossdeck personnel in order to maintain adequate readiness of deployed forces. The longer term problem of material readiness decline due to reduced funding of maintenance programs will not be noticed as rapidly.

USSOUTHCOM

General Woerner. Because we in USSOUTHCOM use such a small part of the DOD budget, I am not in a position to make tradeoffs which would be considered major in the sense of the DOD budget. If you canceled my entire budget, the result would not be enough for Congress to consider it a major impact. With the minimal resources made available to me, DOD gets a significant return on its dollar in USSOUTHCOM, an "economy of force" theater. However, I have voiced my strong support for preserving the O&M accounts to protect readiness, and in particular, to protect our personnel accounts. In USSOUTHCOM, where resources are limited and I fight my "war" with training teams, medical exercises, exercise-related construction-type operations, Security Assistance, and international narcotics training; each of my soldiers becomes a visible representative of U.S. commitment and resolve. I must continue to have quality personnel and sufficient funding to help protect U.S. interests in this important region of the world.

CORRECTING MAJOR SHORTFALLS

Senator McCain. Could you provide a statement for the record showing what you would have to spend in fiscal year 1989, and during fiscal year 1989–1994, to be able to fully perform your mission and to correct the major shortfalls you now have to accept as a result of current budget cuts?

USEUCOM

General Richards. Although there are numerous shortfalls to existing theater requirements, USEUCOM does not have the capability to determine the funds that would be required to meet all mission needs. Only the military departments have the capability to determine costing information.

USCINCLANT

Admiral Baggett. As a Unified Command, USCINCLANT has war fighting control of the assigned forces provided by the services to support AOR requirements. Resources required to execute and sustain the Atlantic Command strategy are expressed in terms of capabilities of our Service components instead of costs. Spending levels needed to equip and man forces to fully perform the LANTCOM mission and to correct major shortfalls would have to be addressed by the services. Today I am short adequate numbers of forces, ammunition, and spare parts to perform all of the tasks in my AOR. Fiscal year 1989 has been reduced by $33B and fiscal year 1988 funding by $20B, causing force levels and sustainability to be reduced and readiness to decline. Therefore, just to stop the decline in capability, we need a level of funding, in constant dollars, above the fiscal year 1988 level.

USSOUTHCOM

General Woerner. As you know, USSOUTHCOM is an economy of force theater, and as such, our budget is not very large to begin with. In those programs which I consider to be my critical requirements, I have accepted several cuts. Included are cuts in my intratheater airlift program (STOL), the Caribbean Basin Radar Network, exercises, and in family housing programs. For fiscal year 1989 the Adjusted Budget Submission reduced USSOUTHCOM priority program funding from $320.8M to $207.6M representing a 35.3 percent cut. While decisions are not yet finalized, particularly in terms of the fiscal year 1990–94 program, I cannot accept any further cuts in any area. To fully accomplish my mission, I need to have a significant portion of those cuts already suggested restored.

[Whereupon, at 3:50 p.m., the hearing was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1989

WEDNESDAY, MARCH 16, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

AMENDED FISCAL YEAR 1989 DEFENSE AUTHORIZATION REQUEST AND THE FIVE-YEAR DEFENSE PLAN

The committee met in open session, pursuant to notice, at 9:36 a.m., in room SR-222, Russell Senate Office Building, Senator J. James Exon presiding.

Present: Senators Exon, Kennedy, Levin, Bingaman, Dixon, Wirth, Warner, Thurmond, and Symms.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Romie L. Brownlee, deputy staff director for the minority; Patrick A. Tucker, minority counsel; Christine C. Dauth, chief clerk; Kathryn E. Bognovitz, special assistant; Inga B. Schoonover, special assistant; Robert E. Bayer, Robert G. Bell, Robert F. Bott, Jonathan L. Etherton, Judith A. Freedman, John J. Hamre, George K. Johnson, Jr., Ronald P. Kelly, James R. Locher III, David S. Lyles, Norman G. Mosher, Frederick F.Y. Pang, Mark B. Robinson, Patricia L. Watson, and Daniel J. Wildfong; professional staff members; Barbara Gallo, Lori Jackson, Mary J. Kampo, Cindy Pearson, Pamela G. Powell, and Mickie Jan Wise; staff assistants.

Also present: Jeffrey B. Subko, assistant to Senator Exon; Gregory J. Weaver, assistant to Senator Levin; William J. Lynn, assistant to Senator Kennedy; Milton D. Beach, assistant to Senator Glenn; Robert K. Griffith, assistant to Senator Wirth; Terrence M. Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Christopher Mellon, assistant to Senator Cohen; Mark J. Albrecht, assistant to Senator Wilson; and Samuel J. Routson, assistant to Senator Symms.

OPENING STATEMENT BY SENATOR EDWARD M. KENNEDY, PRESIDING

Senator KENNEDY [presiding]. We will come to order.

Senator Exon will be here very shortly. He has a statement which is a brief one, which I will address at this time.

OPENING STATEMENT OF HON. J. JAMES EXON

Senator **Kennedy** [reading]. This morning the committee continues its hearings on the budget issues in the amended fiscal year 1989 Defense authorization by receiving testimony from the Secretaries of the military departments.

Chairman Nunn is a little under the weather and has asked me to chair this morning's hearing.

As has been the case throughout this series of hearings, the committee is seeking answers to several fundamental questions:

Does the fiscal year 1989 budget request represent a sound balance of priorities among the so-called four pillars of defense—readiness, sustainability, force structure, and modernization?

What actions does the Defense Department have to take to bring the detailed defense programs in line with the proposed top line for defense spending for fiscal years 1990–93?

How well does the revised fiscal year 1989 request address the operational priorities of the Unified and Specified combatant commanders?

We have familiar faces at the hearing. Mr. H. Lawrence Garrett III is representing the Navy in his capacity as Under Secretary.

The committee has just received Mr. Will Ball's nomination and we hope to act on it early next week.

We welcome back Pete Aldridge who has appeared three times as Secretary of the Air Force.

We also welcome back Secretary Marsh for his seventh year as Secretary of the Army.

I would also like to take the opportunity to recognize the outstanding work of Secretary Marsh in an added assignment. Last year the Congress designated Secretary Marsh as the Acting Assistant Secretary of Defense for Special Operations and Low Intensity Conflict.

Secretary Marsh has been extremely active and effective in carrying out the important responsibilities of that position. The committee has asked Secretary Marsh to give us an update in this area as well as his duties as Secretary of the Army.

I also would like to announce that the committee will attempt to get a quorum at 10 a.m. for the purpose of acting on certain civilian and military nominations.

I would like to make one final comment as it relates to the committee's rules requiring testimony to be submitted 24 hours in advance. The letters of invitation to all the service Secretaries went out on February 17—a month ago. Today's date and time have not been changed. Yet, the Navy Department's testimony was not received by the committee until 6 p.m. last night.

Furthermore, a quick review indicates it is essentially the same testimony given the House Committee and does not address some of the questions raised in the letter of invitation from Senators Nunn and Warner. We hope the Navy will improve on this in the future.

Senator Warner.

Senator **Warner**. Thank you, Mr. Chairman. I think that this morning we should all note that Secretary Marsh establishes a record. He has served longer as a presidential appointee of the Department of Defense than any other individual in the history of that department.

Mr. McNamara served 7 years, 1 month and 8 days. Mr. Marsh has now served 7 years, 1 month and 16 days, and the future portends that he will remain and probably establish a record which will not be equaled in the near future. Not only will it not be equaled in terms of length of service, but also in terms of contribution to our Nation, to the defense of this Nation and to the integrity of the Department of Defense—particularly the integrity of the Department of the Army.

Under his leadership, the Army has modernized. In the words of the soldiers, it is the finest Army since post-World War II in terms of discipline and leadership.

Mr. Marsh, a great deal of credit is owed to you from the citizens of our country.

Mr. MARSH. Thank you very much, Senator.

Senator WARNER. Secretary Aldridge, you have carried on extremely well in your job without the benefit of a lot of publicity, and for that you are to be commended. Those of us who are privileged to work with you have observed that you have handled your responsibilities very well.

I think there will come a time, perhaps in the spring of this year, when this country will recognize you for your contribution in our space efforts. I understand that you will be testifying today that we will have three viable commercial systems for launching space vehicles by May.

Mr. ALDRIDGE. That is correct, Senator.

Senator WARNER. The two of us worked together several years ago, when you pointed out the necessity to do this despite the Challenger program. We placed credence in your judgment, and that judgment has proven to save this Nation.

Secretary Garrett, I think you have handled yourself very well given the unexpected transition, due to the resignation of Secretary Webb and the anticipated confirmation by the Senate of Secretary Ball next week.

We thank you.

Senator KENNEDY. Mr. Secretary, I wonder if the fact that all three are from Virginia has anything to do with this?

Senator WARNER. Well, I recently heard that the only things that come from Massachusetts are lobsters and liberals. [Laughter.]

I wish to point out that we have no lobsters, and what liberals we have are welcome but they are few in number. [Laughter.]

Senator KENNEDY. That would be the good judgment and sound sense that some of us had years ago to attend Mr. Jefferson's University. [Laughter.]

I know very well that Secretary Marsh was a distinguished Congressman from that district and met Robert Kennedy a number of years ago, who is someone whose career we followed and enjoyed and welcomed.

Senator WARNER. May the record also reflect that the acting chairman of the Senate Armed Services Committee has maintained a modest pup tent in Virginia for some years. [Laughter.]

Perhaps we ought to get on with this hearing.

Senator **Kennedy**. Senator Dixon has a prepared statement which will be submitted for the record.

[The prepared statement of Senator Dixon follows:]

Prepared Statement by Senator Alan J. Dixon

Mr. Chairman, I am glad to welcome the Secretaries of our Armed Services, Edward C. Aldridge, Secretary of the Air Force, John O. Marsh, Jr., Secretary of the Army, and H. Lawrence Garrett III, Acting Secretary of the Navy, to testify on the fiscal year 1989 President's defense budget. These gentlemen are responsible for developing and executing their service's budget and therefore can best explain the impact of this budget on service operations.

We have entered an era of constrained resources. The large scale military buildup of the past decade has come to a close. The services, however, must continue to carry out their assigned missions. I believe that on the whole sufficient resources have been provided, and will be in the future, for an adequate national defense. We must make sure that we first cut the fat and waste, and not cut too close to the bone.

As chairman of the Subcommittee on Readiness, Sustainability, and Support, I am vitally concerned with the readiness posture of our forces. We must not have a "hollow" force structure. A smaller but ready and well-trained force is a viable goal. Hard choices need to be made on the right mix and number of weapon systems. It is crucial that our services cooperate with each other and the Secretary of Defense to maximize the procurement and maintenance of common systems and components. I hope you will be able to address these concerns today.

Thank you Mr. Chairman.

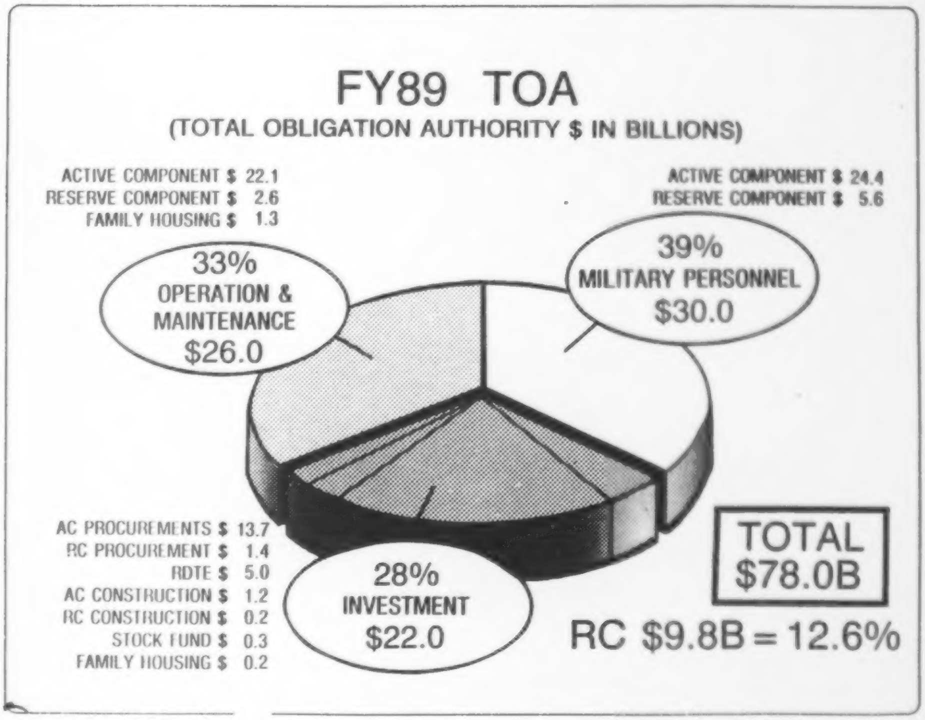
Senator **Kennedy**. Secretary Marsh, we look forward to your testimony.

STATEMENT OF HON. JOHN O. MARSH, JR., SECRETARY OF THE ARMY

Mr. **Marsh**. Thank you, Mr. Chairman. I appreciate your comments and am very grateful to you, Senator Warner, for your very generous comments.

Senators Wirth, Symms, and others, I would thank you for your continued help and support of the Army in these programs.

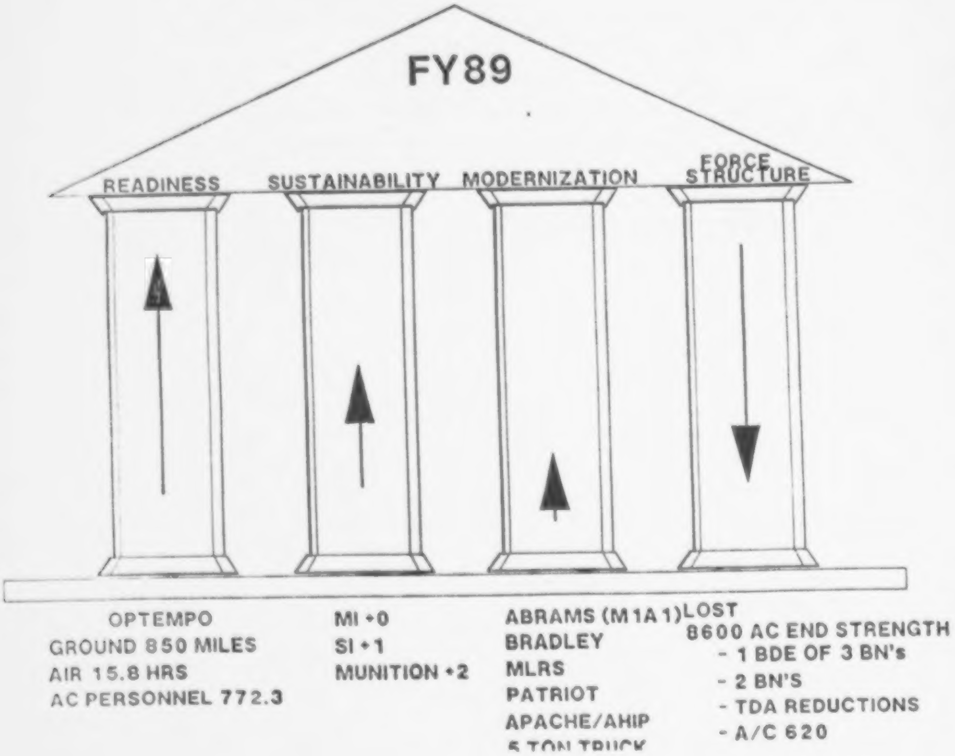
If I could very briefly run through several slides.



As the Senator has already indicated, the areas we wanted to cover here were requested in your letter that you specified.

As to where we stand, I would point out to you that if you look at the Army budget this year, you look at $78 billion divided almost into thirds: military personnel, 39 percent; investment, 28 percent; and 33 percent into operation and maintenance.

But I want to call to your attention a figure here at the bottom. $9.8 billion of this $78 billion will go into the National Guard and U.S. Army Reserve directly. You can add an additional $2.5 billion to that which are indirect support costs, a number that would take this figure on up closer to 13 or 14 percent.


FY89
READINESS
SUSTAINABILITY
MODERNIZATION
FORCE STRUCTURE
OPTEMPO
GROUND 850 MILES
AIR 15.8 HRS
AC PERSONNEL 772.3
MI +0
SI +1
MUNITION +2
ABRAMS (M1A1)
BRADLEY
MLRS
PATRIOT
APACHE/AHIP
5 TON TRUCK
LOST
8600 AC END STRENGTH
- 1 BDE OF 3 BN's
- 2 BN'S
- TDA REDUCTIONS
- A/C 620

Now, you ask where are we on the four pillars of defense: readiness, sustainability, modernization, and force structure.

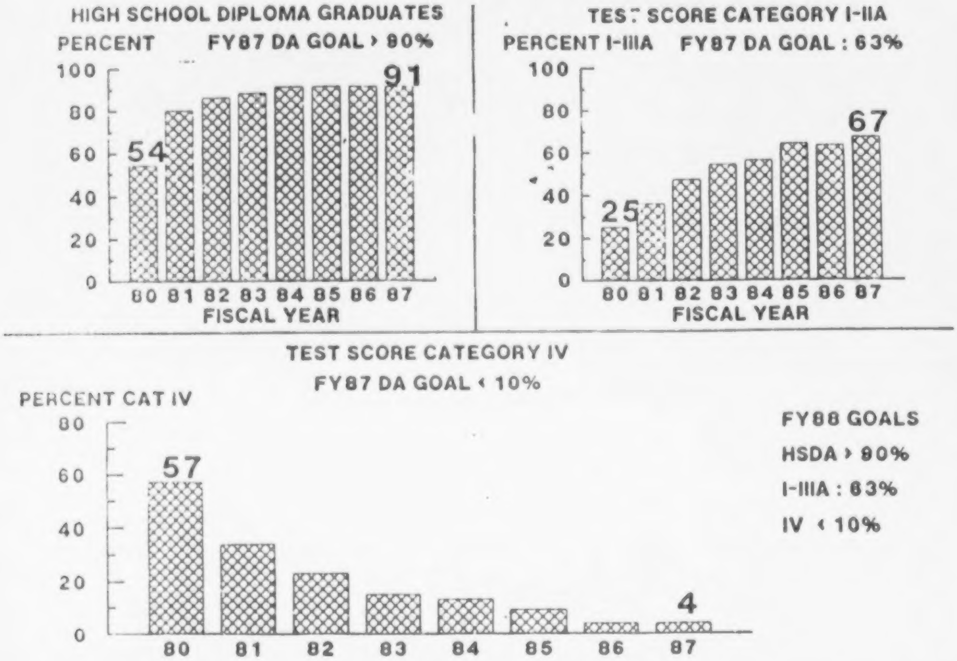
If you look at the budget this year, you will see an increase in emphasis on readiness, 850 miles in OPTEMPO, 15.8 flying hours.

In sustainability, there is some increase. You have increases in munitions but very modest gains, I would point out.

In modernization, there are some gains. In modernization not as much, certainly, as there were, but we are holding our own in the production of the M–1 tank, the Bradley, the Patriot, the MLRS, the Apache, the five-ton truck.

Force structure is down. Force structure is down because we had an 8,600 decrement in our Active Army end-strength, from 781,000 to 772,300. This will mean one brigade coming out of the 9th Division at Fort Lewis, Washington; actually five battalions out of the active force. Additional reductions come from the TDA portion of the Army to get to that 8,600.

ACTIVE COMPONENT ACCESSIONS

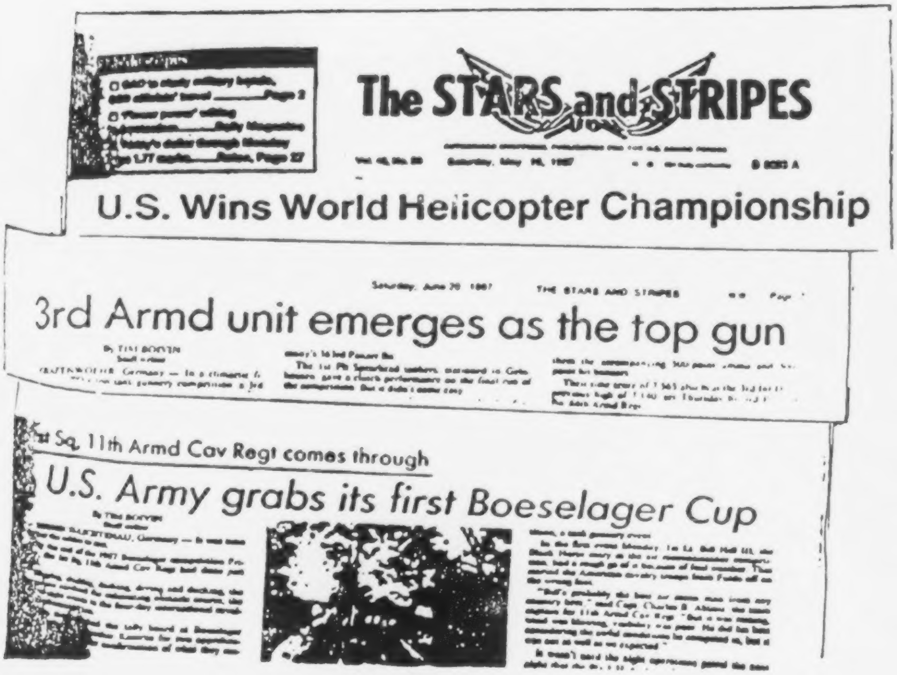


Now, if you look at the readiness and go back and look at that pillar, you always have to look at personnel and the quality of people. Let me just reemphasize some statistics that you are aware of.

The Army is assessing 100 percent of its fiscal year 1988 objectives and about 93 percent are high school graduates. Very close to 70 percent are in the upper three levels of the Armed Forces qualification test, and less than 5 percent are in what we would call category IV. Now, that is reflected in the performance of soldiers. Please remember, only 75 percent of American youth in the same age bracket are high school graduates.

The Chief of Staff related to me recently that he was at Fort Bragg and talked to the 82nd Airborne Division Commander, who pointed out that only 85 soldiers in the 82nd Airborne Division were not high school graduates. Of those 85, 50 had their GED; therefore, there were only 35 that did not have either a GED or high school diploma.

Now, this is reflected in their performance, which has a positive impact on readiness.



The STARS and STRIPES

U.S. Wins World Helicopter Championship

Saturday, June 20, 1987 THE STARS AND STRIPES

3rd Armd unit emerges as the top gun

1st Sq. 11th Armd Cav Regt comes through

U.S. Army grabs its first Boeselager Cup

Let me give you three recent examples. The world's international helicopter championship, for both civilian and military, was held in 1987. The United States Army team won.

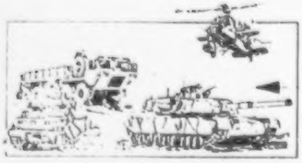
In Western Europe, a Third Armored Division unit won the prestigious Canadian Cup, which is the premier trophy for armored units in the world.

Also in the same year, a unit in the Army's Cavalry Regiment in Western Germany won the Boeselager Cup, which is a reconnaissance, light armored type exercise.

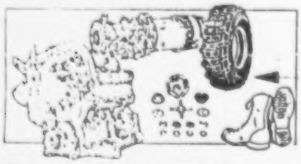
So we see three very significant indicators of Army achievements.

WHAT WE'VE DONE
FY80 TO FY88

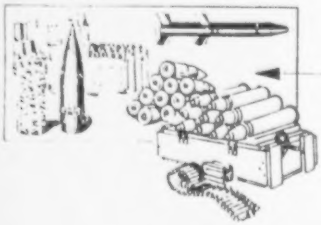
WAR RESERVES



3% INCREASE IN MAJOR ITEMS



21% INCREASE IN SECONDARY ITEMS



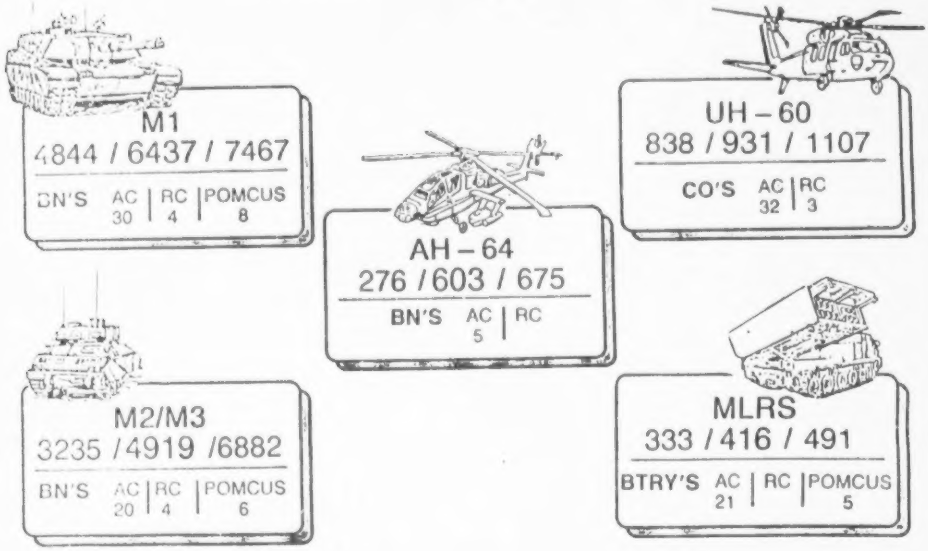
34% INCREASE IN MUNITIONS

Now, you talked about sustainability, and I indicated there had been some increases. You will see that in our major items there is a 3 percent increase, a 21 percent increase in our war reserve stocks of secondary items, and a 34 percent increase in war reserve stocks of munitions.

I suspect when you talk to the CINCs, one of the areas in which they indicate a concern is the stock of munitions in their war reserves.

COMBAT IMPROVEMENTS

(ON HAND 87 / PAID FOR 88 / GOAL)



M1
4844 / 6437 / 7467
BN'S AC 30 | RC 4 | POMCUS 8

AH – 64
276 / 603 / 675
BN'S AC 5 | RC

UH – 60
838 / 931 / 1107
CO'S AC 32 | RC 3

M2/M3
3235 / 4919 / 6882
BN'S AC 20 | RC 4 | POMCUS 6

MLRS
333 / 416 / 491
BTRY'S AC 21 | RC | POMCUS 5

Now, let's look at our modernization program, to see where we are coming from. I think sometimes we had better look at the glass as half full as opposed to half empty.

Also, I think this body would want to look at some of the achievements based on the investments that you have made in the Army.

We are programmed to have 7,467 Abrams tanks. Of that number, we have either obtained or have paid for 6,437, of those 4,844 are in the force.

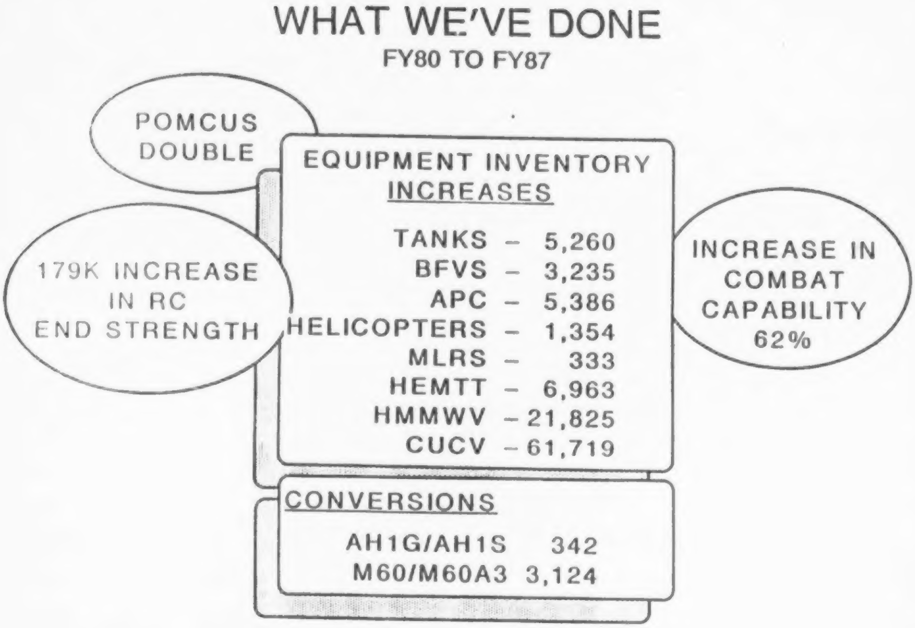
We are looking at over 6,800 Bradleys. Of that, we have 4,900 either in the force or procured.

We are looking at 675 Apache aircraft. Of that number, 603 have been funded and are either acquired or in the force.

In the UH-60, the Black Hawk; 1,107 and 931. Almost 1,000 of those have been obtained or will be produced very shortly.

We have the same kind of statistics for the MLRS.

Let us have the next slide.



WHAT WE'VE DONE

FY80 TO FY87

POMCUS DOUBLE

179K INCREASE IN RC END STRENGTH

EQUIPMENT INVENTORY INCREASES

TANKS	5,260
BFVS	3,235
APC	5,386
HELICOPTERS	1,354
MLRS	333
HEMTT	6,963
HMMWV	21,825
CUCV	61,719

CONVERSIONS

AH1G/AH1S	342
M60/M60A3	3,124

INCREASE IN COMBAT CAPABILITY 62%

So, you see in some big numbers the things that you have done in the last 6 to 7 years. In approximate numbers, you have put 22,000 HMMWV vehicles, new vehicles, into the force; 1,350 helicopters, 62,000 CUCVs. You have converted and upgraded 3,100 tanks, and you see an increase in combat capability that we estimate to be about 62 percent.

COMMUNICATIONS

SINCGARS

- NOW IN KOREA
  - MTBF CONTINUES TO IMPROVE
  - DMZ FORCE PLEASED WITH OPERATIONS
- SECOND SOURCE TO BE LET IN FY89

MSE:

- III CORPS CURRENTLY BEING FIELDED AT FORT HOOD
  - MILESTONE SCHEDULE ON TRACK

Now, in communications there are two major systems under the modernization in the Army. One, the SINCGARS, which is being produced now, performs extremely well. It is being deployed, and currently in the field along the DMZ in Korea.

Also, the enormous Mobile Subscriber Equipment system, which is a $4 billion system, is now being introduced into the III Corps for testing at Fort Hood. It will revolutionize communications on the battlefield and will afford an enormous upgrade in our combat capability.

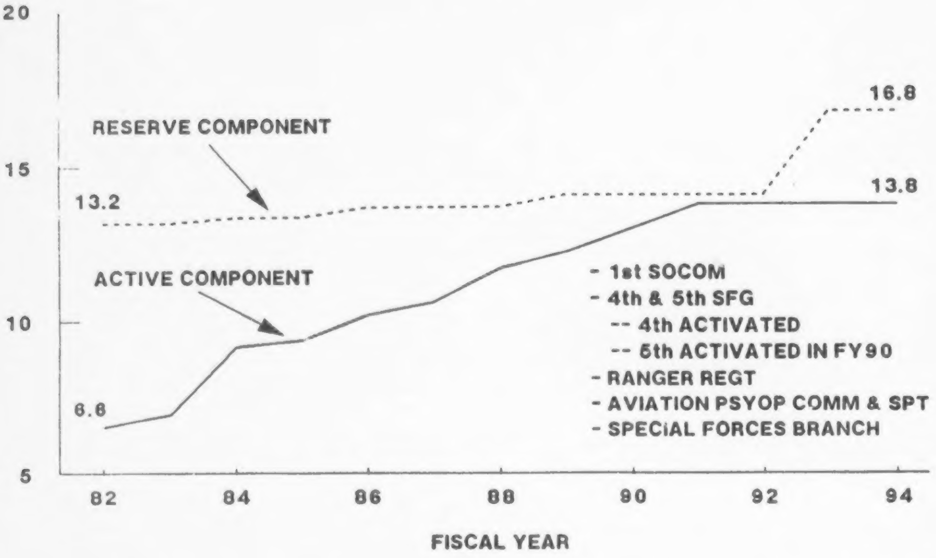
Now, what have we done about strength?

I mentioned to you, Senator, that we have reduced our active strength from 781,000 to 772,300. As we look at next year, our end-strength for the Guard and Reserve has been capped at 763,000 without Individual Mobilization Augmentees (IMA) and 777,859 with IMA.

I would call to your attention the dotted line—the Reserve component line. The solid line is the active line. Notice that they crossed here. Today there is one soldier in the Guard or Reserve for every one soldier that is on active duty.

SOF ENHANCEMENTS

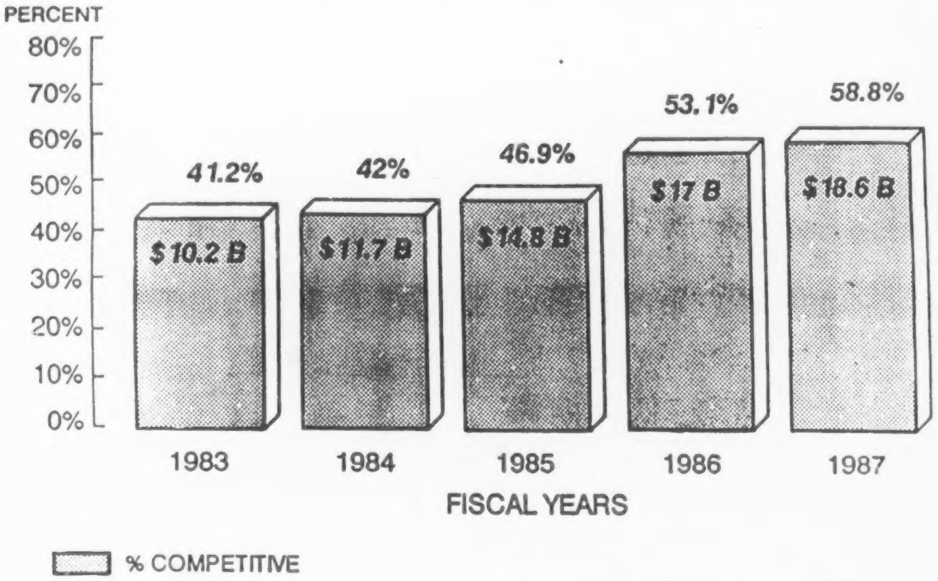
SPACES (000s)



Similarly, in an area in which this committee has a great interest—our Special Operations Forces in the Army will have doubled by the year 1994. Actually, we will double by about 1990. These are new additions to the force within our Special Forces groups at Fort Bragg and a Ranger Regiment. Also, the Guard and Reserve are being increased to about 17,000 soldiers.

Competition Performance

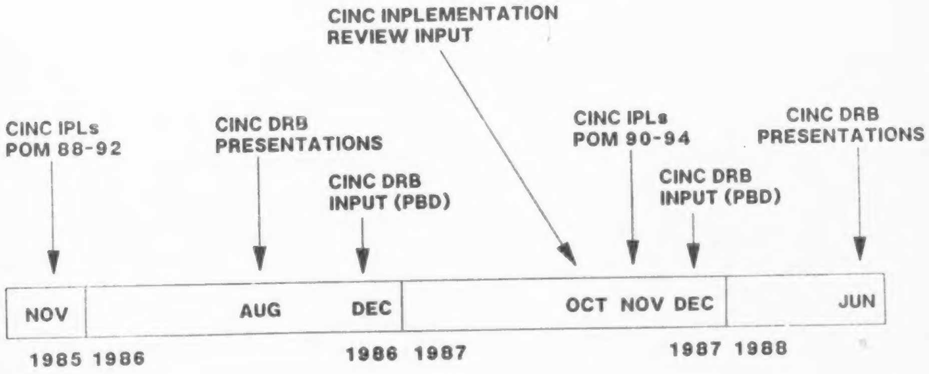
Percent of Dollars Awarded Competitively



Now, you asked the question about economic production rates. I would say to you that there are two major drivers in that. One is the multiyear contract. We have 25 to 26 of those contracts on major weapons or major systems, and also competition in contracting. We are now competing in almost 60 percent of every dollar that we have for procurement; a major increase.

CINC INVOLVEMENT

MILESTONES


CINC INPLEMENTATION
REVIEW INPUT
CINC IPLs
POM 88-92
CINC DRB
PRESENTATIONS
CINC DRB
INPUT (PBD)
CINC IPLs
POM 90-94
CINC DRB
INPUT (PBD)
CINC DRB
PRESENTATIONS
NOV
AUG
DEC
OCT
NOV
DEC
JUN
1985 1986
1986 1987
1987 1988

Now, the last question that you asked me was where are the CINCs figuring into this, and how are they players under the Reorganization Act.

Let me say to you that the CINCs have two principal areas or times that they participate in this procedure. Please remember, we have a biennial budget. So that has an impact on their role as it has for all of us.

Now, the CINCs in November 1985 came in with what we call the Integrated Priority List for the fiscal years 1988-92 program which are the things the CINCs need. They submitted that, and that is worked up and reviewed as we move toward the DRB, the Defense Resources Board session, which in this year 1986, occurred in the summer. The CINCs came in and made their presentations based on their lists.

Then after these deliberations occurred and in the internal budget process or the decision process after the DRB, and CINCs provided their concerns to the Secretary of Defense through the JCS before final decisions on the fiscal years 1988-89 budget.

Likewise, they sent their recommendations for the fiscal years 1990-94 program in November 1987. They also came back in to take part in the $33 billion decrement drill in December 1987, in which they played a very key role.

The CINC IPL requests for the fiscal years 1990-94 program are now being processed in the Army. I would say it looks like of the 123 CINC requests, somewhere around 75 percent have been accommodated but we are still in the pre-DRB process.

They will come back in for the fiscal years 1990-94 program review. They will make their presentations in June. They will come back in later in the summer or September after the DRB process and before the budget is formulated to review the implementation of their suggestions.

So they are very, very active players.

CINC STATUS

(POM 88-92)

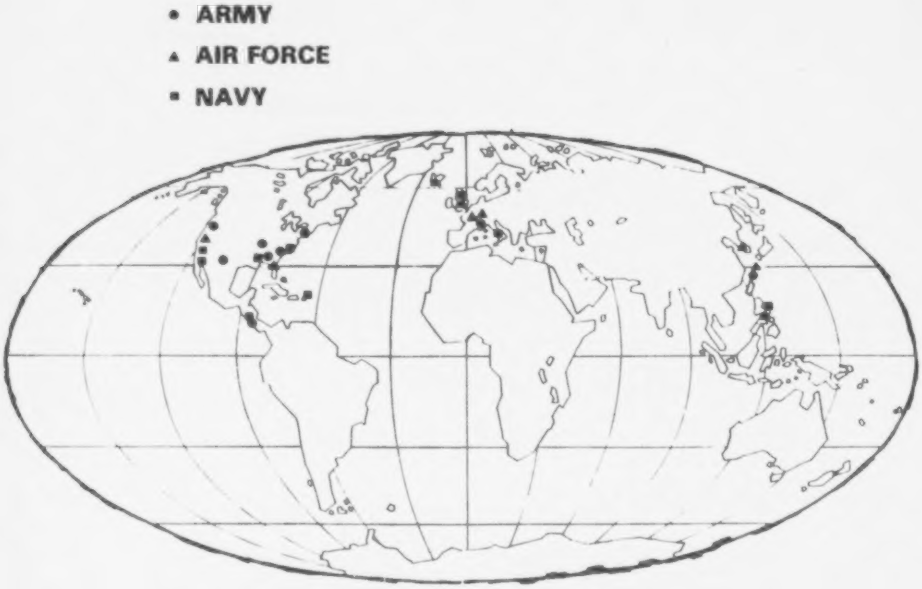
CINC	RQMTS SUB	GREEN	AMBER	RED
EUCOM	20	15	3	2
PACOM	30	15	11	4
CENTCOM	16	11	4	1
REDCOM (SOCOM)	18	14	2	2
SOUTHCOM	33	25	2	6
LANTCOM	9	8	1	0
OTHER	4	4	-	-
TOTAL	130	92	23	15
		71%	18%	11%

To give you some idea of where we are now in the biennial budget the CINCs came in with a 130 requests in their Integrated Priority Lists for the 2-year cycle that produced this budget that we are testifying on now. Of those numbers, we have been able to favorably act on 71 percent. 18 percent were partial, and 11 percent were either minimally resourced or not resourced.

Of course, we could have been reversed by OSD.

In your request, because of the role that I play as the Assistant Secretary of Defense for Special Operations, by statute you asked me to review briefly where we are on SOF.

To give you some idea—let us have the next slide.



This shows the Special Operations Forces of the Departments of the Army, the Air Force, and the Navy. I would say to you that the other services have been enormously helpful. You will find these forces principally in the continental United States. A major number are deployed here in Western Europe, and you will see some have been deployed in the Pacific.

The bulk of the Navy force, the Navy Special Warfare Group, is the SEALS. One is in California. Naval Special Warfare Group Two is on the East Coast. The Air Force 23rd Special Operations Wing is in Florida. I have been to all these facilities. I have also visited a number of the major units in Western Europe since this appointment and also in the Pacific.

Now, you asked what this individual does as the principal advisor to the Secretary of Defense.

ASD(SO/LIC) CHARTER

- **Principal Civilian Adviser to SECDEF**
- **Principal DOD Official**
- **Overall Supervision**
- **Policy Formulation**
- **Program/Budget Supervision**
- **Oversight**
    - **Implementation**
    - **Readiness**
    - **Doctrine, Strategy, and Processes**

In the area of low intensity conflict and special operations, he would have overall supervision of that program. Incidentally, he is the only Assistant Secretary of Defense that has a direct relationship with a military command.

He would develop policy, the program, and the budget, and he would be responsible for oversight of that operation.

I would say to you that we have just been advised within the last 10 days or 2 weeks by the Office of the Secretary of Defense that this organization will now be consolidated in the Pentagon. It is currently split. Some of the officers are in Rosslyn. They are all moving into the Pentagon.

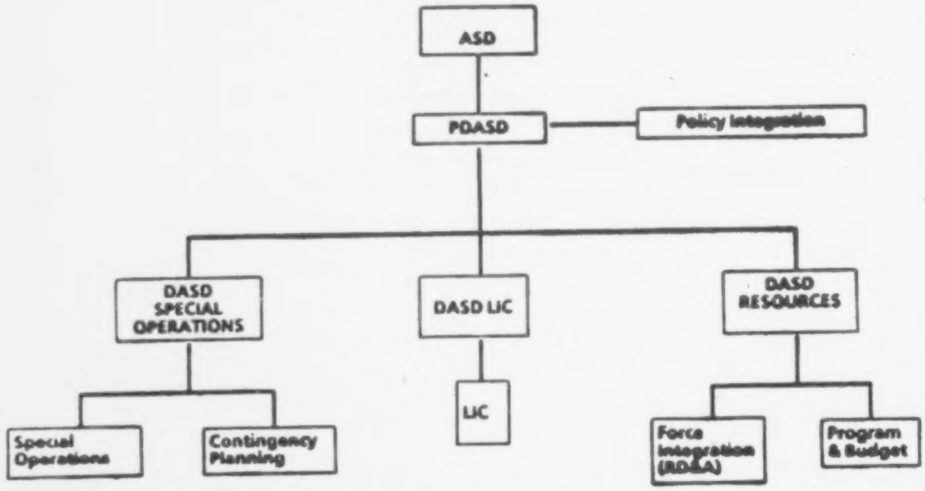
FEBRUARY 1988	ACTION OFFICE	DATE
Memo to Services and DOD agencies for baseline RDA review	RES	26 Feb
Initiate action with joint task forces to revise OSD directives on PPBS, acquisition, etc. to ensure intent of Congress is met	All Dir	29 Feb
Memo to Services requesting briefings on SOF FY 90-94 POM	RES	29 Feb
Meeting with Mr. Cockell	LIC	24 Feb (1400-1500)
Conduct performance review with Staff and SOCOM	PI	29 Feb
Nominate PDASD and DASD	ASD	29 Feb
Ensure MFP 11 is updated to reflect 88/89 budget	RES	Last week of Feb
SOPAG refresher trip to USSOCOM and subcommands	SO	Last week of Feb
MARCH 1988		
Draft of SOF Policy Statement	SO	1 Mar
ASD(SOF/LIC) Testimony	ASO	2 Mar
SOPAG meeting	SO	3 Mar
Visit Ft. Bragg NC with Rep. Kasich	ASD	3-4 Mar
Define DOD's role in LIC	LIC	4 Mar
Submit monthly report to Congress	PI	4 Mar
MDP11 Testimony	RES	9 Mar
Breakfast with key Senate staffers	ASD	9 Mar (0730-0900)
COMBAT TALON II Rollout (Greenville, TX)	ASD	14 Mar
Luncheon with DCI and key CT personnel. Tour CTC	CP	Mid-Mar
Develop charter for CJCS and CINCSOC Working Group to review procedures by which CINCSOC receives Theater plan and executes tasking from National Command Authorities. Examine SOF peacetime command and control	SO	17 Mar

Now, to just give you some idea of the approach we use. Mr. Hamilton, the Administrative Assistant of the Army, put together a master task chart. That task chart was for those associated with this operation and shows all the tasks that we would have to do, that we knew we would have to do up until the first of May, assuming a confirmation by that time of a successor.

One of the first things that was done was to bring together the Special Operations Policy Advisory Group of the very senior officers who had experience in this field. We have met with them. They have taken a trip at our request to our facilities and operations and have come back and reported on that.

We also sponsored breakfasts of all the key players in this operation, members of the staff, of this committee, of the House committee, players in the community, CIA, FBI, NSC, State, and others in order to get the program moving.

OASD(SO/LIC)



The Assistant Secretary of Defense, the principal deputy who is acting, that individual is Mr. Ropka.

The policy integration position is filled.

This position also has an acting chief. These are two very, very key posts.

I would first point out to you that its organization—and this is very important—in the Pentagon is divided into three parts: the Deputy Assistant Secretary for Special Operations, which includes counter-terrorism, this individual has been selected. He is a Captain selected for rear Admiral in the Navy. He will be taking on those duties sometime, we hope, within the next 2 weeks to 30 days.

He will have the counter-terrorism program of the Army, and he will have special operations and clandestine military activities of all services.

The other major area is low intensity conflict. This position is not filled. This individual will have responsibility for developing the doctrine, the guidance for the Department of Defense in the areas of low intensity conflict.

Last, there is the post of the Deputy Assistant Secretary for Resources. It was our view that we should select for that post a highly qualified careerist who had a background in budgeting and management inside the Department of Defense.

That individual has been selected and is a very able individual named John Rusk. He is in the post and is performing his duties. Having continuity and a resource background, we felt, was vitally important.

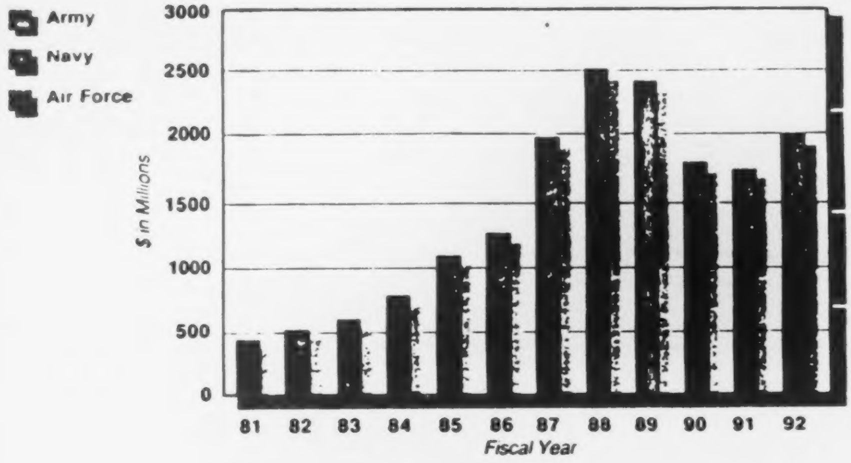
OASD(SO/LIC) PERSONNEL STATUS

AUTHORIZED	56
ON BOARD	28
INCOMING	2

Now, how many people do we have? We have on board now 28 people in that operation, and two are coming aboard. We are authorized 56 individuals. That will move up past 70 in another year; but as of October 1, 1988, we are authorized to go to 56 people.

Chart III 15

*SOF Funding**



* Includes requested $332M supplemental for SOF airlift

What has happened as a result of the interest that has been displayed by the Congress in this area? I call to your attention on a bar chart that represents billions of dollars on allocation of funds. The $2.5 billion mark is right here.

You will see in 1984 they were at this level here, about $750 million; in 1985, about $1 billion. The law was enacted that related to special operations by the Congress in 1986. In 1987, notice the increase in funding. Again, a significant increase in 1988.

I would say to you, in my view, the services have gotten your message. The emphasis that you have indicated you wanted to place on this very special area is being reflected in the Army, Navy, and the Air Force. The Departments are extremely responsive, and I am certain that my associates here today can respond for their particular service.

I would tell you, sir, that they have been very cooperative, and we appreciate the help and support of the committee in seeking to implement this.

[The prepared statement of Mr. Marsh follows:]

PREPARED STATEMENT BY HON. JOHN O. MARSH, JR., SECRETARY OF THE ARMY

Mr. Chairman and members of the committee:

It is a pleasure for me to appear before the committee today to report on the condition of the United States Army in 1988, a year in which we will continue our observance of the bicentennial.

This will be the year in which we remember and celebrate the ratification of the Constitution of the United States.

It is with great satisfaction that I am able to inform you today that the Army we have fielded with the support of the people, of the Congress, and particularly this committee, is ready to successfully perform the missions assigned to it by the national leadership.

The soldiers who comprise today's Army are the highest quality, by any measure, of any who have ever served. They are highly motivated, well-equipped, well-led and well-trained. They represent their country well, and through their dedication, determination, and professional competence create the conditions of deterrence which preserve our national security.

Since 1980, we have established strong, positive momentum in building and maintaining the capabilities of all the Armed Forces. But even as we have moved forward in enhancing our ability to deter war, our potential adversaries have made significant improvements of their own.

Our objective in the immediate future is to maintain the momentum established over the past 8 years. There are four key factors that will continue to determine the development and direction of the Army program. They are:

The threat,
The nature of the conflict,
Global missions for army forces,
Available resources.

Because of the fiscal realities that we all recognize, this will be no easy task. The amended budget we have submitted to you for fiscal year 1989 is not without risk. It is over $4 billion less than the fiscal year 1989 budget submitted last year in our initial 2-year budget covering the years fiscal year 1988 and fiscal year 1989. It represents negative growth in total obligation authority [TOA] of 1.6 percent compared to the fiscal year 1988 Army budget approved by the Congress last December. Nonetheless, we believe it details an Army program that allows us to preserve many of the positive gains made in the preceding years in our efforts to provide for the security of the United States.

As you review this budget submission, I would ask you to do so in the context of the broader national security strategy, and the expanding capabilities of the threats we must inevitably face, rather than focusing on the programmatics of each line. The Army program which we will describe for you today was designed to counter identifiable threats to the national security interests of the United States. Those threats are diverse, dynamic, and real.

THE THREAT

As we have discussed with you before, the greatest single threat to the security of the United States, and its allies, is that posed by Soviet military power.

It must not be forgotten, that it is only in the arena of military might that the Soviet Union has any substantive claim to its ranking as a superpower. By any other measure, it is not the equal of our country, or others comprising the community of western democracies.

For this reason alone, we can anticipate that the Soviet Union will continue to maintain a large military establishment consuming a substantial portion of its resources and wealth. Today, the Soviets devote approximately 15 to 17 percent of their gross national product [GNP] to maintain their enormous military machine. This is two and a half times the percentage of GNP devoted by the United States to its national defense.

The recent initiatives of General Secretary Gorbachev, aimed at making Soviet society more open (glasnost), and simultaneously restructuring its economy (perestroika), are indeed welcome and hopeful developments.

The most visible evidence of the promise of these changes is the recent signing of the Intermediate Nuclear Forces [INF] Treaty, whose ratification the Senate is currently considering.

I add my voice to that of the professional military officers of the Joint Chiefs of Staff in urging ratification of this agreement which will eliminate an entire class of nuclear missiles.

This treaty will not only raise the nuclear threshold, but it clearly establishes other precedents which will be of great benefit to the United States and NATO.

Although the INF Treaty is a clear positive development, the conventional force imbalance which has existed in Europe for years will remain unaltered. Continuing to maintain the uneasy balance which creates deterrence will necessitate that conventional forces bear an increased share of the burden.

For this to be effective, the modernization program which we have established must be supported. We must address the need to modernize our tactical equipment, and our short-range nuclear forces, particularly the artillery fired atomic projectiles [AFAPs], and the follow-on to lance [FOTL].

Adequate conventional forces will not be inexpensive. Nonetheless, it is essential that the investments required in the European central region be made.

The Soviets have yet to reduce the rate at which they are modernizing the equipment and force structure of their armed forces. Despite the potential promise of the

INF Treaty, and the recently announced Soviet military doctrine of "reasonable sufficiency," we will continue to face a global Soviet challenge.

Soviet activity is not limited to Europe. The Soviets continue to be active in numerous areas around the world where their presence allows them to threaten other vital interests of the United States.

In this hemisphere, the Soviets continue to spend nearly $8 billion per year in maintaining the Communist Government of Cuba, an island which has become a valued Soviet arsenal in the Caribbean. Cuba provides the Soviets a strategic position astride important sea lines of communications through which 45 percent of all United States imports flow during peacetime, and through which 60 percent of supplies and reinforcements for NATO would flow in the event of war in Europe.

Furthermore, Cuba serves as a base through which Soviet supplies destined for the Communist government in Nicaragua are funneled. To date, the Soviet Union has provided the Sandinista government military assistance valued at over $2.4 billion. With this assistance, the Sandinistas have built armed forces larger than those of all their neighbors combined. Although their own forces presently exceed that necessary for legitimate self-defense, we have recently learned that the leaders in Managua have plans to increase the size of these forces dramatically.

In the Pacific, the Soviets continue to probe for opportunities to establish new positions. They have continued to expand the size of their Pacific fleet, and enhance the port facilities at Cam Rhan Bay in Vietnam. From this important base, they are able to threaten the sea lanes running through the South China Sea, the Indian Ocean, and the important straits of Malacca.

In numerous areas throughout the Third World, from Angola in Africa, to Peru in South America, the Soviets are active. They sponsor military assistance programs in 42 Third World countries providing equipment and technical services which gives them valuable access and establishes a useful presence.

The threat to United States interests posed by the Soviet Union, its allies, and its surrogates, is great, growing, and shows few signs that it will soon be reduced in scale or intensity.

THE SPECTRUM OF CONFLICT

The challenges to our Nation's security run the length of the spectrum of conflict. This spectrum ranges from those threats, such as that posed by strategic nuclear war, which are very risky and costly, but fortunately improbable; to those, such as terrorism, which are much less risky, less costly, and therefore, much more likely.

The Army must be prepared to successfully and appropriately act anywhere along this continuum.

Central Europe is the most heavily militarized area in the world; it is the sector which faces the largest and most concentrated Soviet threat; it is the theater which is most clearly within the shadow of Soviet power, and whose loss would most quickly and decisively alter the geo-strategic balance.

War in Europe is an example of a point on the spectrum of conflict where the probabilities are relatively low but the risks are high. That the likelihood of general war in Europe is low is a circumstance that exists not because of some natural order on the continent, indeed even a cursory review of history reveals quite the opposite, but because the United States and its allies have taken steps to make conflict in this pivotal theater unlikely. This is the essence of deterrence.

It is our clear responsibility, in the post-INF period, to ensure that this condition remains.

Less risky, and therefore more probable, is low intensity conflict. War on this end of the spectrum demands Army forces very different in organization, equipment, and skill from those deployed as heavy formations in support of our NATO allies. To respond to the threat in this dimension, Army forces will have to counter irregular or unconventional forces, enemy special operations forces, and terrorists.

Because the threat at this end of the spectrum is highly probable, the Army must always be prepared and ready to respond. We have, accordingly, taken numerous and specific steps, to ensure that selected Army forces are trained in this type of warfare.

ARMY MISSIONS

Through a continuous process of assessing the national security interests of the United States, evaluating the threat, and determining the ways and probabilities that our interests may be placed at risk, the national leadership determines our national security objectives and policies.

As has been stated before, the national security objectives of the United States are to deter conflict, coercion, and to defeat aggression; to assist allies and friends to defend against armed aggression, insurgencies, and terrorism; to ensure access by the United States to critical resources, the oceans, and space; to reduce Soviet presence throughout the world; to prevent the transfer of militarily significant technology; to pursue equitable and verifiable arms reduction agreements; and to defend and advance the cause of democracy, freedom, and human rights throughout the world.

To achieve these objectives, we establish a national security strategy incorporating the economic, military, and other means of national power.

The fundamental components of our national military strategy remain nuclear deterrence supported by negotiated arms reductions and the strategic defense initiative; strong alliances; forward deployed forces; a strong central reserve; force mobility; freedom of the seas, air, and space, and effective command, control, and intelligence.

From the national security objectives, and the components of national strategy, the Army derives its missions. These include: To defeat a Warsaw Pact attack on NATO while maintaining its territorial integrity and security; to defend vital United States interests in the Pacific; to deny the Soviets control of the Persian Gulf and associated oil resources; to assist allies and friends in Asia, Latin America, and Africa; to maintain capability to counter threats in the Western Hemisphere; and to respond to other threats to American interests anywhere in the world.

These missions have been reasonably constant over time, and the Army does not anticipate, considering the scope of the threat and the challenges to our national interests, they will be reduced in the immediate future.

This committee has asked that I address certain specific items:

Our ability to execute the Army Program contained in the Five-Year Defense Program;

The balance of the Army Program among the four pillars of defense;

The force structure changes proposed for the FYDP period;

Adjustments made to Army modernization plans;

Progress toward achieving more economical production rates;

The impact of funding reductions on the ability of the Army to fulfill the operational requirements of the Unified and Specified combatant commanders;

A brief report on my activities as the Acting Assistant Secretary of Defense for Special Operations and Low Intensity Conflict.

EXECUTING THE PROGRAM

Under the biannual budget process which we are attempting to implement in the Department of Defense, the current Five-Year Defense Program [FYDP] is the one approved by the Defense Resources Board [DRB] in the summer of 1986. The fiscal years 1990–94 FYDP, which is currently being developed, will be reviewed and approved this summer.

With the fiscal guidance that was provided for the fiscal years 1988–92 FYDP, the program was supportable and executable. Following the passage of the fiscal year 1988 continuing resolution last December, and the acceptance of the spending levels for fiscal year 1989 agreed to at the bipartisan budget summit, the resource levels which supported the FYDP were substantially reduced and programs disrupted.

We are now in the process of revising the Army program to match the new fiscal realities that emerged from the December deliberations. This new program will be reviewed this summer by the Defense Resources Board, of which I am a member, and will be fully consistent with the budget now before you.

As required by the Weicker amendment to the fiscal years 1988 and 1989 Authorization Act, the Department of Defense FYDP will be submitted to the Congress in April.

We anticipate that this program will detail a spending level for the Army which is approximately $80 to $90 billion less than the previous FYDP position. This will, as I have stated earlier, result in considerably less defense and far greater risk, but that is a situation which we have agreed to accept and must now agree to acknowledge.

ARMY PROGRAM BALANCE

The Army has made every effort to produce a program that is well-balanced between the four defense pillars: Readiness, force structure, sustainability, and modernization.

Readiness: The current budget has been crafted with the specific intent of protecting readiness. We have declared the Army theme for 1988 to be training, which we believe to be the cornerstone of a ready, capable force.

Although our OPTEMPO dropped in fiscal year 1988, we have moved to restore it in fiscal year 1989 to a level of 850 miles on the ground, and 15.8 flying hours in the air. Providing the resources for our units to train extensively and realistically is central to retaining readiness.

Taking advantage of increased training, and maximizing the potential of modernized weapons, requires that we continue to attract motivated, high-quality soldiers. Recruiting trends in the Army remain encouraging despite the expected difficulties of attracting the required number of enlistees among a decreasing population.

For the year just completed, once again over 90 percent of new Army recruits were high school graduates. This percentage of high school graduates has been achieved every year since fiscal year 1983 and will remain the Army goal for fiscal year 1988.

Our goal will remain in recruiting less than 10 percent of new soldiers from those scoring in catgeory IV [Cat IV] on the Armed Forces qualification test. For fiscal year 1987 less than 4 percent of our new soldiers were in this category, the third straight year this index has been under 10 percent.

Sustainability: Concerns about sustainability remain although progress in several areas continues. We will marginally increase our days of supply in munitions, war reserve, and POMCUS stocks but budget constraints have prevented us from achieving desired progress toward established goals and objectives. In depot maintenance, the budget as presented will fund 84 percent of expected requirements.

Overall, it is our belief that the fiscal year 1989 budget provides for materiel sustainability, and limited growth in reserve stockage, but at levels far below that requested by the CINCs.

Modernization: To adequately fund important programs in readiness and sustainability, the Army Modernization Program has been slowed. Although fieldings of new equipment, such as the M1A1 tank, and the M2/3 Bradley fighting vehicle will continue, difficult choices have been made in other mission areas resulting in the termination of several programs, and unavoidable stretches, with attendant unit cost increases, to others.

The amended budget continues production of selected systems, such as the AH-64 Apache attack helicopter, the UH-60 Blackhawk, and the OH-58D AHIP, and will continue efforts to identify those systems where capabilities can be significantly enhanced through modifications and product improvements.

Although there are numerous programs that one could cite as examples of progress in developing and fielding modernized equipment, I would like to specifically mention two in the communications arena.

The Army is now in the process of fielding the SINCGARS radio, a new tactical communications system which will provide commanders an effective, reliable, and easily maintainable radio enhancing battlefield command and control.

Recent evaluations have demonstrated that SINCGARS exceeds the established standard for reliability of 1,250 hours mean time between failures [MTBF].

Currently fielded in Korea, where it has performed exceptionally well with units along the demilitarized zone, this system will begin fielding in the training and doctrine command this August.

A second source selection for SINCGARS is scheduled for May 1988. This award will include a firm, fixed price contract with a reliability incentive. Full competition will begin in fiscal year 1991.

The fielding of SINCGARS will allow the Army to replace the aging and vulnerable VRC-12 family of radios which have served as the backbone of our tactical communications system for nearly 20 years.

The Army is currently fielding at Fort Hood, Texas, the first division set of the mobile subscriber equipment [MSE], an integrated, switched communications system for corps and division forces.

MSE is a $4.6 billion nondevelopmental item [NDI] which relies on existing hardware and software components to satisfy operational and functional telecommunications requirements. The acquisition of MSE will give the Army the command and control aspects necessary to fully implement our airland battle doctrine.

MSE fielding will essentially be by corps including their assigned reserve units. For the first time, the Army will have both components equipped with a communications system that is interoperable, mobile, and secure.

Force structure: Several years ago, the Army made a decision to adopt a policy which froze our active component end-strength at 781,000 soldiers so that we could provide the resources necessary to recruit and retain a quality force, provide it with modernized equipment of increased capability, and train it to be ready to meet a wide variety of missions.

Within this self-imposed ceiling, we created new force structure which increased our capability to respond rapidly and effectively worldwide, develop necessary specialized units, and capture the promise of new technology.

Currently, Army force structure contains 18 divisions in the active component, and 10 in the Reserve components. These units are assigned to five corps which contain additional combat support and combat service support units. The force also contains specialized units, such as the Special Forces groups and the Ranger Regiment, capable of responding across the spectrum of conflict.

However, the budget for fiscal year 1989 will indicate plans to reduce the Army end strength by about 8,600 soldiers in the active component. To accomplish this, we will have to reduce the force structure including at least one active component brigade, two additional battalions, and certain aviation units. We have also had to reduce planned growth in the Reserve component and eliminate some of that force structure.

These reductions, along with the reductions in officer strength mandated by statute, are steps that we take with great concern and reservation. But preserving the progress that has been made in creating a more combat effective force within stringent budgetary constraints requires these actions.

I believe, nonetheless, Congress should reconsider the mandated officer reductions. Recent experiences have demonstrated that modern combat is a leader intensive endeavor. Our warfighting doctrine places a premium on initiative, imagination, and flexibility—traditional leadership qualities. A relaxation of the mandated reductions would have many positive effects both operationally and administratively.

FORCE STRUCTURE IN THE FYDP

Considering changes that were made to the Army force structure in complying with the fiscal guidance for fiscal year 1989, there will inevitably be reflections of these changes in the years immediately ahead.

Certain unit activation necessary to continue the fielding of the light divisions, and other planned enhancements in the special operations forces will continue as planned. In addition, the Army will continue to review structure requirements identified by the Unified and Specified commanders, and seek to identify acceptable tradeoffs.

The active Army today is the smallest this country has had since the days prior to the Korean war. We have concerns about future reductions to either the Army's force structure or the end strength which supports it. Accordingly, as we prepare future Army programs we will make every prudent effort to minimize adverse impacts on force structure.

MODERNIZATION PLAN ADJUSTMENTS

The Army is presently reviewing numerous modernization programs following the recent budgetary decisions.

Two of the more significant modernization master plans under extensive review are in the aviation and armor/anti-armor [A3] mission areas.

A resource constrained Army aviation modernization plan is currently under review. This plan is being prepared in response to necessity for difficult choices and tradeoffs particularly as they pertain to the LHX Program. Although it remains the Army's top priority research and development program, the LHX effort has been refocused and reduced in scale. Current production aircraft, such as the AH-64 Apache and the UH-60 Blackhawk will likely remain in production beyond previously planned objectives and termination dates.

Also under review is the armor/anti-armor modernization plan. This plan is also resource constrained and is examining optimal investment strategies to counter an increasing armor threat. When completed, this plan will deal with procurement and distribution of weapons systems for both active and Reserve components, and will take into account other efforts and reviews ongoing in both the Army and the Air Force.

Modernization is a continuous, incremental process. The Army will make every effort to see that scarce resources are wisely invested into systems that offer the best warfighting capability. However, it is an unavoidable conclusion that the cancellation, postponement, and stretching of key modernization programs means less capability at higher cost and greater risk.

ECONOMIC PRODUCTION RATES

Numerous initiatives have been created to better and more efficiently manage defense resources. Among the goals we have attempted to achieve is production at more economical rates. This is a function of numerous variables, but perhaps the major consideration is program planning and early agreement on the quantities to be procured. The use of multiyear programs [MYP] has been a significant advancement in furthering this objective.

Since 1982, the Army has entered or is now entering into 26 multiyear programs. The savings and cost avoidance from contracts associated with these programs has been over $3 billion.

We have nearly completed our implementation of those changes in the acquisition program mandated by the President's Blue Ribbon Commission on Defense Management [The Packard Commission], and the Goldwater-Nichols bill.

Reporting to the acquisition executive are 22 program executive officers, and 3 independent project managers. The implementation of this organizational structure has streamlined acquisition management and will contribute to more effective and efficient development and fielding of major modernization programs.

Competition of contracts continues to be a major Army success story. Since the implementation of the Competition in Contracting Act of 1984, the Army has made steady and continuous progress in increasing competitive awards as a percentage of contracts awarded.

In 1984, the Army only competed 42 percent of the dollar value of its contracts. Last year, that figure was nearly 59 percent.

Competition works. It encourages innovation and discourages the abuses widely reported by the media. It provides a tool with which to capture the major merits of a market economy. Experience has shown that competition may bring savings of 20 to 30 percent on previously sole-source acquisitions—a significant saving.

We realize that competition may not be the most beneficial strategy in every case. It is an acquisition approach that we will use when it buys the Army the best value. Under no circumstances will we accept a lesser quality in either supplies or services just to have competition. Competition is a means, but not an end in itself.

SUPPORT OF CINCS

Since 1985, the commanders of the Unified and Specified Commands have been intimately involved in the key events of the planning, programming, and budgeting system [PPBS]. The CINCs primarily affect this process through submitting a prioritized assessment of their most important warfighting needs, the integrated priority list [IPL].

The Army has made a determined effort to send representatives to brief the CINCs on efforts being made to incorporate their requests into the Army Program, or to discuss rationales on why certain requests may be beyond our ability to satisfy.

For the current FYDP covering fiscal years 1988–92, the Army was able to fund in whole or part the majority of the CINCs requests. In general, we were able to accommodate all but high-dollar requirements, such as war reserve stocks, and requests for significant structure expansions.

Regrettably, we have been unable to provide requested structure in combat support and combat service support [CS/CSS], increased procurement of certain preferred munitions, and some demands in special operations forces aviation. However, the previous resourcing provided in support of identified CINC requirements has, and will continue, to enhance our warfighting capabilities.

As in other important areas, we would, of course, like to do more. The budget reductions for fiscal year 1989 and the following years will be felt. But through the continuing process of reviewing resources and CINC requirements, the Army remains committed to supporting the warfighting CINCs to the maximum extent consistent with resourcing levels.

OTHER PROGRAM HIGHLIGHTS

In addition to the numerous Army efforts previously described, there are several specific aspects of the Army Program I would like to highlight.

Special operations forces

As mentioned earlier, both in human and budgetary terms, the Army has made a major investment in special operations and low-intensity conflict [SO/LIC].

Within the Army, numerous steps have been taken since 1982 to revitalize the Army's capability to perform special operations. These include:

Creation of the 1st Special Operations Command, now the Army component of the United States Special Operations Command,

Activation of the 75th Ranger Regiment,

Activation of a Third Ranger Battalion,

Activation of a Fourth Special Forces Group with a fifth scheduled for activation in 1990,

Activation of aviation, communications, and PSYOP units.

In addition, to provide for better management of its personnel, and add to the visibility and spirit of Special Operations soldiers, the Army established a Special Operations branch in 1987. This branch, with its own distinctive insignia now worn by nearly 5,000 soldiers, illustrates the Army's firm commitment to building and maintaining a combat ready special operations capability.

By the end of next fiscal year, the Army will have over 26,000 soldiers, in the active and reserve components, serving with special operations force [SOF] units.

A major effort in special operations forces has been in the area of special operations forces aviation. This high demand mission requires not only highly trained, dedicated air crews, but also specialized aircraft. With initiative 17, the Army and Air Force have attempted to move the rotary wing SOF aviation mission to the Army.

The Army is developing two specialized aircraft for this mission, both variants of existing, proven models: the MH-47E for medium range missions, and the MH-60K for shorter ranges. I urge your continued support for both of these programs which will give us a greatly enhanced capability in this vital area.

As previously discussed, the Army sees a growing challenge in low intensity conflict. In addition to our special operations forces, we have added light divisions to the force structure in response to the high probability of facing this threat.

Eventually, five of the Army's divisions will be in the light configuration. Presently, two are complete and certified, the 7th Division at Fort Ord and the 25th Division in Hawaii, while three are still forming.

These divisions, designed to fight in the low-intensity environment yet retaining capability for high-intensity conflict as well, and possessing a high degree of strategic mobility, clearly demonstrate the Army's commitment to addressing threats in this arena.

The 10th Division at Fort Drum, New York, is forming paced to the facility construction of the post. Beginning in fiscal year 1986, the Army began a major effort to expand the facilities at Fort Drum, a location which contained ideal cold weather training areas for a light division. The amended fiscal year 1989 request contains $214 million for military construction to continue this major effort which is progressing very well and supporting the activation schedule of the division.

The Army effort with Fort Drum and the 10th Division demonstrates the commitment to designing, fielding, housing, and training forces necessary to meet the challenges of low-intensity conflict.

ASD (SO/LIC) Role

As you are aware, I am currently, by law, serving in a second capacity, as the Acting Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict—ASD [SO/LIC].

I wish to make it clear that I did not seek this position, since I already have a challenging and rewarding job. Nonetheless, as a longstanding advocate of a strong special operations capability, I am privileged to aid in implementing a law that will have a profound salutary impact on our national security. Further, I want to make it clear that my number one priority, during what I expect will be a relatively brief tenure, is to ensure that the law is implemented as Congress intended.

A good deal of this task has already been accomplished. The U.S. Special Operations Command [USSOCOM] is maturing rapidly, and extensive work is underway under the aegis of the NSC LIC Board. SOF fared extremely well during recent budget deliberations thanks to Major Force Program 11, and General Lindsay, commander in chief of USSOCOM, is firmly committed to assuming, as rapidly as possible, the budgetary authority Congress intended. Deputy Secretary Taft approved an exceptionally strong charter for the ASD [SO/LIC] on 4 January.

While we have a solid record of performance, the job is not yet finished. In that context, I would like to focus these remarks on the building of the office of the ASD [SO/LIC].

Institutionalizing OASD [SO/LIC] is primarily an administrative task. By law, it is organizationally established within the Department of Defense. By charter, it has the responsibility and authority to do the job it was designed to do. The task remaining is to build an office fully capable of discharging those duties.

Currently, there are 28 personnel on board in OASD [SO/LIC], with 2 others inbound. Further, we have reviewed the current structure and identified personnel requirements that go beyond the 54 positions initially authorized.

By the same token, we are actively working to fill the senior positions. We believe the Deputy Assistant Secretary for Special Operations should be an active duty military officer drawn from the special operations community. We are about to have assigned a highly qualified Navy SEAL captain (promotable).

Similarly, the Deputy Assistant Secretary for Resources should be chosen on the basis of technical background, particulary in the field of budget and PPBS. On 28 February, a highly qualified civilian with 20 years of experience in the Department of Defense assumed that position. Finally, we are reviewing qualifications of candidates for the Deputy Assistant Secretary for Low-Intensity Conflict. A candidate for this Deputy Assistant Secretary position has been identified.

With regard to office space, I am pleased to be able to tell you that on 2 March Deputy Secretary Taft approved a proposal from the Deputy Assistant Secretary of Defense for Administration that will allow us to consolidate all OASD [SO/LIC] components in the Pentagon in the near future.

The creation of OASD [SO/LIC] affords us the opportunity to integrate SOF and LIC fully into the DOD way of doing business. We must now use this opportunity to the maximum.

As part of this effort, I have placed a great deal of emphasis on building strong relationships between the office, the Congress, and other governmental components. The central relationship is the partnership between OASD [SO/LIC] and USSOCOM where, fortunately, we are building on a solid foundation. In close cooperation with USSOCOM, OASD [SO/LIC] also must work closely with the other unified commanders to ensure that their requirements are understood and acted upon. We have already visited the European and Pacific theaters and, if time permits while I hold this position, will visit the other regional commanders.

Within the Pentagon, we have sought opportunities to discuss the office's work with the secretaries of the military departments and have received strong support from them. Concurrently, we are taking steps to ensure a more active role for the special operations policy advisory group [SOPAG].

In the Interagency arena, we are working closely with key counterparts at State, CIA, NSC, and other agencies to ensure effective coordination in matters concerning LIC and combatting terrorism. In a similar vein, we have held numerous meetings with Members of Congress and their staffs to ensure that we accurately understand congressional concerns, and that Congress understands both our accomplishments and problems.

Finally, we are working to integrate both special operations and low-intensity conflict more fully into the professional military education system to ensure that future military leaders have an appreciation for special operations capabilities and global problems that they are increasingly likely to confront.

Taken together, we believe these steps, over time, will lead to acceptance of OASD [SO/LIC]—and the capabilities it represents—as a key element in our national security structure and an essential component of the Department of Defense.

Guard and Reserve

The Army continues its efforts to enhance the quality, equipment, and training of the Reserve components. The Reserve components will continue to play a major role in the Army's wartime missions.

We have reached the point where we have one soldier in Reserve component units for every soldier in the active force. In the years just ahead, we will have more soldiers in the Reserves than in the active component. Given the importance of the Reserve force in rounding out and augmenting the Regular Army, and in fielding significant warfighting formations, it is imperative that we continue to give support to Reserve component programs.

Last fiscal year, nearly 13 percent of the Army budget was dedicated to the Army National Guard and Army Reserve. These funds contribute to modernization efforts, fund mobilization and readiness exercises, and support recruiting efforts.

Training of Reserve component units continues to improve each year. In particular, we have taken advantage of training opportunities outside of the United States which have given soldiers a chance to both hone their military skills and serve as ambassadors of good will.

Last year, nearly 55,000 Reservists, from nearly 2,500 units of various size, trained in numerous countries including: Egypt, Germany, Iceland, Ecuador, Japan, Korea, and the Philippines. We plan to continue, and slightly expand this program in the coming year.

Intelligence

Over the past few years, Army Intelligence has made significant progress in organizational structure and doctrine. On the battlefield, combat electronic warfare and intelligence [CEWI] units have been formed to provide maneuver commanders organic, integrated, and responsive intelligence support.

At the national level, the Army continues to play a key role in both intelligence and couterintelligence. In the human intelligence [HUMINT] arena, Army personnel represent over 50 percent of all Department of Defense HUMINT assets.

In acquisition, the threat integration staff officer [TISO] system provides program executive officers and project managers continuous threat support for each system throughout its developmental life cycle.

These diverse efforts are coordinated and detailed in the Army Intelligence Master Plan [AIMP] which establishes a single, coherent strategy for the evolution of Army intelligence functions and force structure through the year 2004. It covers all systems including collection, processing, and communications.

This master plan has become the model for other Army functional area development efforts, and is used and studied by other services and agencies.

Army intelligence continues to lead the way in providing high-quality and timely intelligence support to our soldiers in the field, and to other national agencies as directed.

HIV Virus

Along with the other services, the Army has been screening its personnel for the HIV virus. This screening has been completed in the active component, and will be ongoing in the Reserve components until August. The rate of HIV positives among active soldiers, about 1.41 per 1,000 tested, appears to be somewhat lower than that in the general population.

We are about to initiate a program which will periodically test all soldiers at least every 2 years. In conformance to existing DOD policy, those found positive are prohibited from appointment or enlistment in the Armed Forces.

Those on active duty who test positive receive extensive evaluation, psychological support, and treatment, if necessary. They are retained on active duty until they become medically unfit for retention. In addition, those determined to have serologic evidence of the infection are ineligible for overseas deployment and assignment to certain units and organizations.

The Army and the Department of Defense will continue to carefully address the serious issues raised by the presence of this deadly infection. We will use thorough education programs in attempting to control its spread. When it is detected, we will do everything possible to meet the needs of the individual, and where necessary, address the concerns of local health officials.

Reorganization

Finally, the Army is nearing completion on the reorganization effort undertaken last year in conformity to the Reorganization Act of 1986.

The Army has completed its work on titles I, III, and V with the exception of the manpower realignments that are progressing and will be completed by 30 September 1988.

The implementation of title IV, where we continue to have reservations over the management of joint officer assignments, is ongoing.

Army work on titles II and VI is continuing on schedule.

As I testified last June before the House Armed Services Committee, we approached the reorganization as an opportunity to improve operations. We thoroughly analyzed all functions to identify duplications, supervisory layering, and the existence of reorganizations which might be transferred to other agencies.

We realigned certain functions within the Army secretariat and the Army staff moving several activities to the secretariat where they became responsible to the Secretary, but responsive to the Chief of Staff.

The new reorganization is working well and residual actions, primarily personnel realignments, are on schedule.

CONCLUSION

The fiscal year 1989 budget that we have submitted is designed to maintain the positive momentum we have generated over the past 7 years. It will provide funds to protect readiness and training levels, as well as continue with our most important modernization programs and sustainability enhancements.

It does, however, reduce Army personnel and force structure. This was a cost we accepted reluctantly in the face of significant budget constraints. Again, in real terms, the Army's budget for fiscal year 1989 is 1.6 percent less in total obligation authority [TOA] than that of the previous year.

As I have said before, less money buys less defense and less deterrence. This budget and the program it supports are not risk free, but with certain exceptions we believe it is adequate in providing for our most immediate needs.

Senator KENNEDY. Thank you, Secretary Marsh. Secretary Aldridge.

STATEMENT OF HON. EDWARD C. ALDRIDGE, JR., SECRETARY OF THE AIR FORCE

Mr. ALDRIDGE. Mr. Chairman, you received my formal statement for the record; however, I would like to take a few minutes to emphasize some of the points raised in the February 17 letter before answering any questions you may have.

Early in this administration, we set out to redress the readiness, sustainability, and force structure shortfalls of our military forces that arose during the late 1970s. We have made significant progress in that effort.

Key to this has been our ability to recruit and retain the highest quality people in the history of the Air Force. The Peacekeeper missile and the B-1B bomber will significantly enhance our strategic deterrence forces.

We have modernized our tactical forces with F-15 and F-16 aircraft. Our improved readiness is evidenced by the highest mission-capable rates in Air Force history.

We have improved our force projection capability with the C-5B and KC-10 aircraft. Taken together, these improvements have provided the most capable Air Force ever; but the job is far from complete.

Negative real growth resulting from congressional funding decisions over the past 4 years forced us to scale back, thus impeding the momentum toward our objectives.

Initially, we slowed procurement on many programs in order to preserve future capability. But such actions cannot continue indefinitely.

The budget for fiscal year 1989 is such that future capability will be reduced, and past gains will, in some cases, be reversed. What that means is that we will be unable to support the Unified and Specified Commanders as well as we would like.

Because of the constrained fiscal environment, we were forced to make some very difficult decisions. We vowed not to return to the hollow force of the late 1970s. Accordingly, we have chosen to reduce force structure and live with a smaller yet effective force.

In developing this smaller balanced force, we had to choose between programs originally designed to be complementary. We also looked at the track record of various programs and terminated those experiencing severe developmental problems.

We canceled over 20 programs, some small, some large, saving more than $3.5 billion in fiscal year 1989 and $45 billion throughout the life of these programs.

Two examples other than the small ICBM (which was scaled back) are the antisatellite program and the AGM-130 tactical standoff weapon.

We had to cut 25,000 military and over 2,800 civilian positions from our original request. Some of this was related to force structure reductions, but some was part of the nonprogrammatic officer strength reductions mandated by Congress.

Force structure reductions included what will eventually result in a decrease from 38 to 35 tactical fighter wings. Our SR-71 reconnaissance aircraft are also being reduced.

On top of these reductions, we had to slow or defer key modernization programs such as the F-15E, Peacekeeper, and the advance medium-range air-to-air missile programs, programs that support the warfighting commanders.

We did not do any of this because it was a good idea and will improve our defense posture. We did it because the amended DOD budget request had to conform with the budget summit allocations.

Clearly, a larger, more modern force would reduce risk; however, our request minimizes the negative impact of fiscal constraints by providing a healthy, albeit smaller, well-supported force to the Unified and Specified Commanders.

For instance, the operation and maintenance accounts increased 6.7 percent. This is a positive sign, but I remind you that is still a cumulative decline of 3.7 percent from fiscal year 1987.

Hopefully, this will enable us to avoid many of the problems we are experiencing this year, such as the possibility of civilian furloughs.

The Air Force continues to emphasize the benefits of a strong total force; thus, we continue to modernize our Air Reserve components with F-15s, F-16s and C-130H aircraft. The air reserve force continues to assume additional mission responsibilities through the continued transfer of C-141 and C-5 aircraft.

However, cost is not the only consideration when transferring missions. Our main rationale behind such decisions must continue to be force responsiveness and effectiveness.

For the future, we emphasize those high leverage programs which will exploit aerospace powers, inherent strengths such as speeds, range, and flexibility. Such programs include the Advance Tactical Fighter, the B-2 bomber, Peacekeeper rail garrison, the C-17, and our national security space programs. Such programs will help provide deterrence well into the 21st century.

Most importantly, we did not back away from the need to support our Air Force people. In these austere times, people remain the key to success. As a technical service, the Air Force depends on recruiting and retaining the best young men and women our Nation has to offer. Quality people ensure a quality force.

Recognizing this, the President has requested a 4.3 percent military pay raise to help offset the 11 percent deterioration in pay comparability since 1981.

Likewise, he has requested a 2-percent pay raise for our civilian employees. We need to avoid the situation of the late 1970s, when many of our best people voted with their feet. They left the Air Force and other services because of a perceived lack of public support and an uncertain future.

It is false economy to lose our top quality people because of continued pay erosion and then have to train replacements.

Thus, pay raises are my top priority request. As you can see, our amended budget balances quality people with quality forces within fiscal constraints. However, without the stable programming and budgeting that only Congress can provide, we cannot deliver those forces in sufficient quantity and at acceptable cost to meet the broad spectrum of the threats.

Numerous studies and reports such as those by the Packard Commission and the Commission on Integrated Long-Term Strategy indicate that stability in defense spending levels would significantly improve management and reduce costs.

The unstable funding environment of the last several years disrupts long-term planning for defense programs and results in less defense for more dollars.

The Congressional Budget Office (CBO) highlighted the major reason for weapon procurement stretchout as the necessity to meet fiscal limitations imposed by the annual budget cycle.

The CBO states in a November 1987 report that the amount of funding in a given year takes precedence over economic considerations even though buying large quantities would reduce costs.

Unfortunately, congressional funding levels are such that the number of programs moving toward economic production rates has been minimal.

Furthermore, the timeliness of the authorization and appropriation bills which directly affect all military operations is crucial to better planning. Congress must take aggressive action to provide a stable and timely defense budget.

The Air Force budget request protects our people and maintains a delicate balance between readiness, sustainability, modernization, and force structure. We made the tough decisions required because of fiscal constraints and not because we think the cuts are a good idea.

Such cuts, combined with the Soviet Union's continued improvements in both the quality and quantity of their forces, clearly increase the risk to our Nation and our original budget submission.

Given the fiscal constraints, our request provides the best balance. However, let me assure you that the American people need and deserve a better Air Force than this budget will provide.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Aldridge follows:]

STATEMENT OF: THE HONORABLE EDWARD C. ALDRIDGE, JR.
Secretary of the Air Force

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

The mission of the United States Air Force is to organize, train and equip aerospace forces to deter aggression and, if necessary, defeat aggressors across the spectrum of conflict. This supports the most fundamental national interest of the United States, the preservation of our free and independent nation with its institutions and values intact. In the first half of the 1980s, the support of the Administration, the Congress and the American people enabled the Air Force to redress shortfalls in readiness, sustainability and force structure that developed during the difficult times of the 1970s. As a result, today's Air Force is better manned, equipped and prepared than at any other time in history.

But, the job is far from complete. Budget reductions over the past three years forced us to scale back many programs, slowing our momentum in reaching the objectives established at the beginning of the decade. The cumulative effect of these reductions and the markedly reduced budget levels for FY 89 will severely constrain future capability, and some past gains may be negated. The result is a higher degree of risk in deterring Soviet aggression around the globe.

To provide the best possible force within the constraints of the Amended FY 88/89 Budget, the Air Force reexamined the overall priorities that have guided our progress for the past seven years. We concluded that, even with the significantly reduced budget, our priorities remain valid. The first is to recruit, train, motivate and retain quality people. Within the overall task of building and maintaining quality forces, our priorities remain to: modernize strategic forces, maintain a high level of readiness and sustainability, increase airlift capability, modernize tactical forces and improve our ability to operate effectively in space.

Facing severe funding and manpower reductions, we developed a balanced framework of principles to guide our reduction decisions. We will sustain programs that support our people, on and off duty. Additionally, we will not return to the hollow force of the late-1970s. Hence, the budget levels forced a conscious decision to reduce force structure to maintain a smaller but healthy, well-supported force. Finally, we will continue emphasis on programs that exploit our strengths and our adversaries' weaknesses.

Guided by these principles, our Amended FY 88/89 Budget supports, within the resources provided, those programs we believe necessary to maintain quality people and forces. In sizing our smaller force, we had to choose between systems originally designed to be complementary. We considered the developmental status of various programs, and those systems experiencing unusual difficulty during their research and development phase were scrutinized for restructuring or cancellation. Emphasizing our competitive strategy, we are providing strong continuing support for the space recovery program and specific development programs such as the Advanced Technology Bomber, Advanced Tactical Fighter, Joint STARS and C-17 that will provide revolutionary advances over current systems.

Clearly, recent budget reductions have decreased our ability to meet long-term defense goals resulting in increased risk. Nevertheless, given the current fiscal climate, we believe the Amended FY 88/89 Budget, as outlined in the following program discussions, gives us the best combination of capabilities to provide deterrence across all mission areas.

OUR PEOPLE

The Air Force relies on a Total Force mix of Active and Air

Reserve Component forces, civilian employees and those retirees subject to recall to active duty.

The future capability of the Air Force will depend, in large measure, on how well we recruit and retain quality people today. Our standards for new recruits are high and will not be compromised. In 1987, 99 percent of the Air Force enlistees were high school graduates. Retention rates in most job-specialty areas remain healthy. There are, however, downward trends in retaining pilots, engineers and some enlisted specialists. These trends are cause for serious concern. The alarming drop in our pilot retention rate portends a shortage beginning in FY 89. The Air Force is focusing intensely on measures to improve retention that include an increase in compensation for pilots.

In the 1990s, the Air Force will face an increasingly competitive labor market. An aging national work force and a shrinking youth cohort will sharpen the already keen competition for individuals who can support the growing number of high-technology organizations. Efficient management of the Air Force civilian and military work force will be especially critical in these times of reduced defense budgets.

All Air Force people rightfully expect a competitive compensation package, including pay and allowances; medical care; advancement; adequate Morale, Welfare and Recreation Programs; adequate reimbursement for moving expenses and other benefits. Failure to meet these expectations could lead to a repetition of the difficult times during the late-1970s, when economic factors, pay caps and private sector job opportunities resulted in the loss of large numbers of talented, experienced Air Force people. It is critically important that the Congress support the 4.3-percent pay raise for our military members and 2-percent pay raise for our civilian workers that are included in our Amended FY 88/89 Budget.

In the Amended FY 88/89 Budget, we are drawing down our civilian workforce by 1361 as a result of force structure changes. We will also cut 23,100 military positions, more than half of which will be nonprogrammatic strength reductions. These nonprogrammatic reductions interfere with programmed development designed to cope with growing mission responsibilities. These reductions also threaten our readiness and sustainability by reducing the quality and accessibility of important support services. However, budget pressures dictate a smaller force.

STRATEGIC FORCES

Air Force strategic forces provide deterrence over a broad spectrum of nuclear and conventional conflict. Adversaries must clearly perceive that our forces are able to deny their military and political war aims at any level of conflict. To achieve this objective, we are pursuing modernization programs to ensure that our most threatening adversary, the Soviet Union, cannot be confident of success in an attack against the United States or our allies. Should deterrence fail, limiting damage to the United States and our allies demands the capability for swift and effective retaliation against the adversaries' most valued assets.

Strategic modernization is also fundamental to success in arms reductions. The strategic modernization programs clearly signal our national resolve, encourage serious Soviet participation in arms control negotiations and allow us to negotiate from a position of strength.

The Air Force Amended FY 88/89 Budget reflects a commitment to meeting strategic challenges, though at reduced funding levels. Deterrence will continue to be underwritten by strong, effective and modern forces. However, the deterrent equation would be stronger if we had continued modernization at the level originally requested in the FY 88 President's Budget. The budget pressures have transformed programs designed to be complementary into competitors. Some programs must be restructured, and some will be cancelled. Clearly, remaining forces must be properly funded to achieve maximum capability and readiness. A continuing downward funding trend in strategic programs could dangerously impact the deterrent posture.

ICBMs are the most responsive element of the strategic Triad, combining accuracy and high daily alert rates to hold time-urgent, hardened, Soviet warfighting assets at risk. The foundation of our ICBM modernization program is the Peacekeeper missile. Deployment of 100 Peacekeeper missiles is essential to reduce the existing Soviet advantage in ICBM capability and to encourage the Soviets to engage seriously in negotiating strategic arms reductions. As we deploy 50 Peacekeepers in Minuteman silos, we also continue development of a rail-garrison basing mode. Deploying the Peacekeeper day-to-day in secure areas and dispersing it during times of increased tension will diversify our strategic forces, enhance deterrence and promote stability.

Budget pressures force us to continue the Small ICBM at only a minimal funding level until a national decision is reached regarding its future.

Bomber modernization, through deployment of the B-1B and the Advanced Technology Bomber (B-2), will counter existing and projected Soviet defensive improvements. Each aircraft has an essential time-phased mission. The B-1B combines high-speed, low-altitude tactics with low-radar cross section and electronic countermeasures to effectively penetrate enemy defenses and, in the future, will complement the B-2 as a stand-off platform. Low-observable technology will make the B-2 extremely difficult to detect, improving its capability against targets deep within an enemy's territory. B-2 research and development is progressing toward delivery in the early-1990s.

Strategic defensive forces enhance deterrence by providing integrated tactical warning and attack assessment capabilities to detect, identify and characterize attacks against North America. We are continuing modernization of our ballistic missile and atmospheric warning systems, though at reduced rates. The air defense interceptor force will become more capable with deployment of the F-16 Air Defense aircraft and its improved all-weather weapons employment capability.

Funding for the modernization of our strategic C^3 network has been reduced, slowing the rate of planned improvements. Deployment of the Ground Wave Emergency Network has been curtailed. The replacement Strategic Air Command airborne command post has been cancelled, and improvements to current airborne command posts have been deferred. As a result, we must continue to operate with known deficiencies in our C^3 systems and accept greater risk.

TACTICAL/THEATER FORCES

Capable, ready and sustainable theater forces are an important element of US deterrent strategy. The Soviet Union continues to expand its conventional forces, outproducing the US in almost every category of weaponry. Forward basing of US forces and a rapid reinforcement capability are the foundation of our commitment to security of our allies. Our commitment to Europe will become even more visible as intermediate-range nuclear weapons leave that theater. To this end, four programs in our Amended FY 88/89 Budget are critical to conventional deterrence: the Advanced Tactical Fighter (ATF) Program, the Advanced Medium-Range Air-to-Air Missile (AMRAAM) Program, fighter modernization and the posturing of fighter force structure.

The ATF will ensure qualitative air superiority against enemy aircraft projected for the late-1990s. Supersonic cruise and maneuver, low-observable technology, state-of-the-art weapons and advanced modular avionics will yield a lethal, survivable fighter to provide the air cover essential for support of the AirLand Battle. ATF development continues as two contractor teams fabricate demonstration/validation prototypes for flight evaluations beginning in 1990.

AMRAAM is a force multiplier that will allow the engagement of multiple targets during a single intercept in an electronic countermeasures environment. It will provide launch and maneuver capability, giving our fighters the leverage to fight and win air battles although outnumbered. AMRAAM will double the effectiveness of the F-15 and increase the air-to-air effectiveness of the F-16 by six times. Flight test and development will conclude in 1988, and the missile will enter high-rate production in FY 89.

Fighter modernization efforts include acquisition of 36 F-15Es and 180 F-16C/Ds as well as modifications to existing aircraft. Radar upgrades, integration of new weapons and avionics updates are required to maintain the credibility of our current inventory.

For several years, the Air Force has worked toward an interim fighter force structure goal of 40 tactical fighter wing equivalents. The severe budget environment thwarts progress toward this goal. It also prevents us from maintaining the present 38 wings. To avoid a return to the hollow force of the late-1970s, we are downscoping our fighter posture to 37 wing equivalents in FY 89. Concurrently, these actions allow modernization of the Total Force while ensuring each unit is fully capable and trained to execute its combat mission.

FORCE PROJECTION

The deterrent strategy demands a force projection capability to respond to global challenges. The proper balance among airlift, sealift and prepositioning enables us to deploy, employ and sustain forces in a timely manner. Although sealift provides the greater part of US sustainment capability, there is no substitute for the speed and flexibility of airlift forces. Soviet perception of our force projection capability may make the difference in successfully deterring their expansionism and aggression.

By the end of this decade, our programs to modify aircraft, increase spares, and procure new cargo and tanker aircraft will nearly double the strategic airlift capability of 1980. Despite these improvements, airlift capability still remains significantly below the nation's need.

The FY 89 program continues procurement of the cost-effective C-17 cargo aircraft. The C-17 will modernize the strategic airlift force and increase theater airlift capability. For the first time, we will field a strategic airlift aircraft with the ability to deliver a full range of Army equipment directly where needed, even into small, austere airfields.

Because strategic and conventional force requirements increasingly outstrip current capability, we must also continue to increase air refueling capability. The ongoing program to modernize the KC-135 tanker will result in a 50-percent increase in fuel offload capability at a fraction of the cost of a new aircraft.

We will continue modernizing and expanding the capabilities of our special operations forces (SOF). Working closely with OSD, the US Special Operations Command, and the other Services, the Air Force has focused on better ways to meet the specialized needs of theater commanders. A major improvement to SOF will be the introduction of the fixed-wing, tilt-rotor CV-22A. Other key enhancements include MC-130H procurement, AC-130U development and procurement, and modification of H-53, HC-130P/N and C-141B and C-130E Special Operations Low Level aircraft.

The Air Force is intensifying efforts to increase the effectiveness of all force projection assets in support of national objectives. These forces are needed to meet the threat across the spectrum from low-intensity conflict and contingency operations to the highest levels of conflict.

SPACE

Space systems support all mission areas. The Air Force has developed a long-term program for ensuring the US takes advantage of space. The first priority is to develop and maintain assured access to space regardless of single-element failures in space transportation. The approval of $113 million in FY 87 reprogramming funds and $316 million in FY 88 transfer authority indicates the support of Congress. The Air Force needs continued support from Congress for the space launch recovery program to succeed. An additional $645 million during FY 89 is required to procure 25 additional Titan IV Expendable Launch Vehicles to lift the largest payloads; nine additional Delta IIs and a competition for 10 Medium Launch Vehicle IIs for cost-effective launch of smaller payloads.

Other efforts in space include developing a long-term survivability enhancement program for space systems critical to national security, and continuing development of enduring, integrated surveillance systems to provide the National Command Authorities with unambiguous warning of attack.

READINESS AND SUSTAINABILITY

Success in combat depends on a balance among force structure, modern equipment, well-trained personnel, effective repair facilities, sufficient spare parts, appropriate munitions and adequate fuel stocks.

The Air Force readiness and sustainability goal is to provide the resources required by our fielded forces to perform their missions. The Amended FY 88/89 Budget places high priority on maintaining combat readiness and initial sustainability. Although the pace of progress will slow, this year's budget enables us to sustain spare parts stocks and equipment inventories for mobility forces, improve the inventory of modern munitions, and continue realistic training for our people.

The condition of facilities, housing and installations also directly affects combat capability. Hangars, runways, missile silos, launch control centers and operations facilities must be ready to function during hostilities. Medical facilities, family housing, dormitories, dining halls and community areas provide for our people's basic needs, contribute to morale, welfare and productivity, and help the Air Force retain quality people. The military construction funds in the Amended FY 88/89 Budget are carefully balanced between new construction and facility maintenance.

CONCLUSION

The Air Force Amended FY 88/89 Budget balances the need for quality people and quality forces. However, without the stability in programming and budgeting that only Congress can provide, we cannot deliver quality programmed forces in sufficient quantity at acceptable costs to meet the threat.

Numerous studies and reports have stated that stability in defense spending is the most effective method for improving management and reducing costs. The unstable funding environment of the last several years disrupts long-term defense programs. Similarly, the timeliness of the Authorization and Appropriations Bills, which affect all military operations, is crucial to better planning.

We are prepared to work with the Congress to ensure the United States Air Force remains a formidable aerospace force, today, and in the future.

Senator **Warner**. Mr. Chairman, could I ask for a clarification of the presentation by the Secretary at this point? I was trying to follow what was provided the committee, and it seems to me it deviated with some other material. That is, of course, your perfect right.

Am I correct?

Mr. **Aldridge**. Yes, sir, I did. I have provided a formal statement, but I have tried to summarize and highlight some of the key points in the statement.

SMALL ICBM

Senator **Warner**. Could you locate the reference that you made to the Small ICBM, because I think you garbled it with the word "cancellation".

Mr. **Aldridge**. Yes, sir, we have scaled that back.

Senator **Warner**. Now, wait a minute. That is the sort of testimony that gets us into deep, deep trouble around here, Mr. Secretary. The chairman of this committee, Mr. Aspin, and I wrote the President and the Secretary of Defense to get that clarified. The exchange of correspondence between the three of us and the Secretary of Defense is a matter of record.

I will put it in the record again at this point. I will provide you with copies, and wonder if you would familiarize yourself with it. Later today, perhaps you will correct the record.

[The material referred to follows:]

United States Senate,
Committee on Armed Services,
Washington, DC, January 28, 1988.

Hon. Frank C. Carlucci,
Secretary of Defense,
The Pentagon, Washington, DC.

Dear Mr. Secretary: Following your informal conversations with Senator Nunn and Senator Warner over the last few days, we have discussed among ourselves a number of issues relating to the ICBM modernization program in the FY 1988 and FY 1989 budgets.

We believe that enough funding should be provided in these two years for the small ICBM program (including its hard mobile launcher, and its command and control system) in order for the total small mobile ICBM program to be sustained in development. By this we mean at least keeping together the teams that are working on the basic essential parts of the overall program.

The objective should be to ensure that all parts of the small mobile ICBM program, including the alternate guidance effort, are maintained and moved forward in such a way that it presents a credible option for the next President as he makes decisions prioritizing the ICBM modernization program.

We also believe that enough funding should be provided to keep the rail-garrison MX program in development so that the next President will be able to make a decision about it as well. Given the difficult budgetary choices we face, it may be necessary to adjust funding levels within the ICBM modernization program to accomplish the objective of preserving both ICBM modernization options for future decisions.

Sincerely,

Les Aspin,
Chairman, House Armed Services Committee.

Mr. **Aldridge**. Yes, sir, I will correct the record.

Senator **Warner**. Thank you.

Senator **Exon** [presiding]. Mr. Garrett, we would recognize you at this time.

STATEMENT OF HON. H. LAWRENCE GARRETT III, ACTING SECRETARY OF THE NAVY

Mr. **Garrett**. Thank you, Mr. Chairman and distinguished members of the committee. I, too, welcome this opportunity to join the distinguished Secretaries of the Army and the Air Force today and to discuss with you the Navy Department budget for fiscal year 1989.

Initially, let me for the record express my apologies on behalf of the Department for its tardiness in getting my statement to you. I can assure the committee that that will not happen again, both on my behalf and on Secretary Designate Ball's behalf. I do apologize.

I am pleased to report your Navy and Marine Corps continue to be fully capable of operating globally to protect the interest of the United States. Indeed, a sustained commitment to rebuilding our naval forces during the past 7 years has clearly reversed the previous decade of neglect.

However, we, like others, are now challenged by the need to maintain and strengthen our naval forces in the face of severe fiscal constraints. Regrettably, there is absolutely no indication that Soviet naval forces will be any smaller, less sophisticated, or less prepared for war.

Arrayed against our Navy is an increasingly sophisticated and capable Soviet navy along with an increasingly lethal, high-tech threat from non-Soviet adversaries. These threats and the risk require our steadfast commitment to maritime power.

The Navy we have been building since 1981 represents a long overdue effort to close the gap between national commitments and military means. This administration's resolve, reiterated by the President during his most recent press conference, to build a fully supported, balanced fleet of 600 ships recognizes the minimum force required to attain our national objectives. That commitment remains firm.

The sea-based combat power that our force commanders require is centered on 15 carrier battle groups, 4 battleship battle groups, 100 attack submarines, adequate numbers of ballistic missile submarines, and sealift to support an assault echelon of a Marine expeditionary force and a Marine expeditionary brigade.

The Navy and Marine Corps we have planned are affordable and deserves public and congressional support.

Mr. Chairman, I, too, would like to address directly some of the items that were mentioned in your letter of February 17, 1988.

As you know, we have been working, are working, and will continue to work in the next few months to realign the defense plan for fiscal year 1990 and beyond. To every extent possible, we will apply the priorities outlined by the Secretary of Defense to preserve those gains achieved through past congressional support.

I must point out, however, that in real terms the fiscal year 1989 Navy budget is 8.8 percent lower than was the fiscal year 1985 budget. We have cut into the warfighting ability of the Navy and Marine Corps of the future. With this is a concomitant increase in risk that our policy of deterrence will fail and, consequently, the risk of our people when they go in harm's way.

I urge you to continue your efforts toward a policy of stable, long-term budget growth to avoid the wasteful sea-saw cycle of growth and decline in the United States defense budget.

Although the required program reductions have necessarily affected readiness, sustainability, modernization, and force structure, we have worked hard to ensure that our program reductions are balanced and that we have not introduced an unacceptable risk level in any program.

However, at the reduced funding level for fiscal year 1989, our program will simply not bear a significant redesign without jeopardizing that delicate balance and endangering key elements of our naval capability.

Like the Army and the Air Force, the Navy has been required to reduce its force structure to achieve the reduced budget ceiling. Rather than overhauling Poseidon missile submarines to maintain them in our Active Force, they will be decommissioned as Trident submarines come on line.

Our 14th carrier airwing will stand down until the completion of the aircraft carrier service life extension program and the start of the delivery of new carriers. Sixteen frigates will be retired, eight in fiscal year 1988 and eight in fiscal year 1989.

Despite force structure reductions, we have continued to maintain our emphasis on readiness and sustainability of our remaining forces. Critical readiness and training activities are in place to meet day-to-day demands of deterrence and contingency operations and to meet the needs of the Unified and Specified Commanders.

In view of Persian Gulf and other operations, funding for OPTEMPO and flying hours will be maintained at the fiscal year 1988 level. Other readiness lines are funded as completely as possible, supporting our commander's needs for a mission-capable force today.

With the fiscal year 1989 budget level as a starting point, however, a grim view of future operating support looms. At least a modest amount of real growth is, in my opinion, absolutely essential to maintain and operate the fleet in fiscal year 1990 and beyond.

The procurement portion of the Navy budget has declined from 35.1 percent of the President's original fiscal year 1989 budget to 31.4 percent in the amended budget. This is the smallest share for procurement in the past 13 years.

We have reduced procurement of a broad range of missiles, ammunition, and other expendables. Progress toward ordnance inventory objectives will necessarily be slower, but we have emphasized long-term executability and relative contribution to the CINCs ability to fight.

We have also been careful to maintain quantities necessary to support competitive procurement wherever possible.

Some delays in modernization of ships and aircaft were unavoidable, given the size of the required reductions, but we have supported maintenance programs vital to forward operations.

Looking to the future, we have programmed only those transitional initiatives that will be key to our warfighting capability in the 21st century. Antisubmarine warfare is our highest priority warfare area.

In view of the Soviet gains in submarine warfare, we are pressing ahead with acquisition of the SSN-21 attack submarine.

Acquisition programs are focused on systems and technologies that will enhance our advantages over the Soviets and that support the overall competitive strategy approach to Western defense.

As you will see in the details of our budget submission, vertical cuts were chosen over unrealistic program stretches. Risk is distributed as evenly as possible among the warfare areas to preserve the coherence of our procurement and development efforts.

As we execute this program, we will pay even greater attention to fiscal and management initiatives that will help reduce acquisition cost further.

In addition to reductions in our actual and program force structure, we have canceled several new program starts. Two examples are the Naval airship and the Navy Remote Ocean Sensing System (N-ROSS).

Fiscal constraints have also adversely impacted ongoing programs. We terminated the A-6F aircraft procurement and are working to develop an acceptable alternative solution to meet our needs.

We also had to eliminate two Aegis ships from the fiscal year 1989 procurement program.

As we continue to refine the Navy's program through the next few months, I must urge caution. The consequence of fiscal retrenchment is plain. Some unit costs will go up. Competition, with its attendant savings and expanded mobilization base, will be more difficult to maintain. The industrial base will suffer with less capacity for the surge required by a major conflict.

These trends reduce directly the deterrent value of America's defenses; therefore, we must work hard to promote a public consensus for a more stable and durable approach to national security budgeting.

Further details regarding our program requests, which reflect many difficult decisions, are presented in my statement for the record and in the posture statements of the Chief of Naval Operations and the Commandant of the Marine Corps which you will receive in subsequent testimony.

If I may, let me address for a moment the Department of the Navy's reorganization pursuant to Goldwater-Nichols Department of Defense Reorganization Act.

Mr. Chairman, let me say the Department of the Navy is committed to the full support of the letter, the spirit, and the intent of the act. In the case of secretarial functional responsibilities, the Secretary of the Navy has assigned sole responsibilities to individuals and offices within the Office of the Secretary.

The required organization of the Chief of Naval Operations has been completed, and all personnel transfers affecting the Office of the Commandant of the Marine Corps will be executed shortly.

We are reducing our staffs while minimizing turbulence and forced separations. Headquarters manpower will comply with statutory levels of October 1, 1988.

The Navy has taken aggressive action to comply with the joint officer management provisions of the act, including: improvement of the quality of officers assigned to joint duty; increased continuity of joint duty tours; and clear signals to the Navy and Marine Corps officers concerning the value of joint assignment to their careers.

The Department implemented a number of the acquisition reforms contained in the Defense Acquisition Improvement Act prior to its enhancement as a result of the Packard Commission recommendations and the Goldwater-Nichols Act.

These reforms included baselining, multi-year procurement, and the enactment of professionalism of acquisition personnel.

The Department has also completed implementation of several of the act's key provisions. Specifically, we have identified the SSN-21, the T-45, and the Trident D-5 programs as defense enterprise programs, the last two of which have been authorized for funding on a multi-year basis rather than year-to-year.

Also, we have implemented procedures to allow Navy program managers to make maximum use of commercially available supply items and made provisions for more realistic live fire testing of weapons systems to assess their vulnerability and survivability.

Implementations of the act's other provisions will be completed once DOD implementing guidance has been provided.

I would like now to address briefly an issue of importance that affects all of our people and programs in the sea services, and it relates to what Secretary Aldridge referred to.

In our case, our sailors and our marines, our people are, without question, our greatest asset. While we accept the need to meet our commitments with fewer personnel than we actually require, it is essential that we provide adequately for those who do serve our Nation in the sea services throughout the world.

People programs, including quality of life issues such as family housing and medical care, were funded to attract and retain the sailor and marine of the next century. Pay caps since fiscal year 1983 have resulted in a disparity between the military pay and private sector wage group.

I join the uniformed and civilian leaders of all the military services in supporting the Department of Defense request for a 4.3 percent pay raise for our sailors and marines.

In conclusion, Mr. Chairman, as the Secretary of Defense noted in his statement when he appeared before you last month, the amended fiscal year 1989 Defense budget before Congress reflects significant force structure reductions that will have long-term implications to our national security.

The price we paid in the early 1980s to reverse a tragic decline in the condition of our military forces was indeed high. I share the Secretary's fear that with 4 years of real decline in defense already a fact, we risk entry of another era of neglect.

Even in this fiscally constrained environment, we must neither lose sight of the commitments we ask of Americans in uniform nor of the threat they face when going in harm's way on our behalf.

We must equip, train, and support them to ensure that they remain as they are today, ready to meet those commitments and to deter or defeat aggression. In fairness to them and in light of our sacred obligation to preserve and defend our Nation's security, we can do no less.

Mr. Chairman, I am confident that with the support of the Congress and the support of the American people together with the dedicated professionalism of the men and women of the sea services, the Navy and Marine Corps team will continue to serve this Nation well and faithfully.

Thank you very much.

[The prepared statement of Mr. Garrett follows:]

Remarks by
The Honorable H. Lawrence Garrett, III
Under Secretary of the Navy

Mr. Chairman, distinguished members of the committee, I welcome this opportunity to join the distinguished secretaries of the Army and Air Force today, and to discuss with you the Navy Department budget for Fiscal Year 1989.

I am pleased to report that your Navy and Marine Corps are fully capable of operating globally to protect the interests of the United States. Indeed, a sustained commitment to rebuilding our naval forces during the past seven years has clearly reversed the previous decade of neglect. However, we are now challenged by the need to maintain and strengthen our naval forces in the face of severe fiscal constraints. Regrettably, there is absolutely no indication that Soviet naval forces will be any smaller, less sophisticated or less prepared for war. Arrayed against our Navy is an increasingly sophisticated and capable Soviet Navy, along with an increasingly lethal, high-tech threat from non-Soviet adversaries. These threats and risks require our steadfast commitment to maritime power.

The Navy we have been building since 1981 represents a long overdue effort to close the gap between national commitments and military means. This administration's resolve, reiterated by the President during his most recent press conference, to build a fully supported, balanced fleet of 600 ships recognizes the minimum force required to attain our national objectives. That commitment remains firm. The sea-based combat power that our force commanders require is centered on 15 carrier battle groups, four battleship battle groups, 100 attack submarines, adequate numbers of ballistic missile submarines, and sealift to support an assault echelon of a Marine expeditionary force and a Marine expeditionary brigade. The Navy and Marine Corps we have planned is affordable and deserves public and Congressional support.

NAVY DEPARTMENT PROGRAMS

Mr. Chairman, I would like to address directly the items you and Senator Warner mentioned in your letter of 17 February 1988. As you know, we will be working in the next few months to realign the defense plan for FY 1990/1991 and beyond. To every extent possible, we will apply the priorities outlined by the Secretary of Defense to preserve those gains achieved through past Congressional support.

I must point out, however, that in real terms, the FY 1989 Navy budget is 8.8 percent lower than was the FY 1985 budget. We have cut into the warfighting ability of the Navy and Marine Corps of the future. We have increased the risk that our policy of deterrence will fail and consequently the risk to our people when they go in harm's way. I urge you to continue your efforts toward a policy of stable long-term budget growth to avoid the wasteful see-saw cycle of growth and decline in the United States defense budget.

Although the required program reductions have necessarily affected readiness, sustainability, modernization and force structure, we have worked hard to ensure that our program reductions are balanced and that we have not introduced an unacceptable risk level in any program. However, at the reduced funding level for FY 1989, our program simply will not bear a significant redesign without jeopardizing that delicate balance and endangering key elements of our naval capability.

Force Structure Reductions

Like the Army and the Air Force, the Navy has been required to reduce its force structure to achieve the reduced budget ceiling. Rather than overhauling Poseidon missile submarines to maintain them in our active force, they will be decommissioned as TRIDENT submarines come on line. Our 14th carrier airwing will stand down until the completion of the aircraft carrier Service Life Extension Program (SLEPs) and the start of the delivery of new carriers. Sixteen frigates will be retired -- eight in FY 1988 and eight in FY 1989.

Readiness and Sustainability

Despite force structure reductions, we have continued to maintain our emphasis on readiness and sustainability of our remaining forces. Critical readiness and training activities are in place to meet day-to-day demands of deterrence and contingency operations and to meet the needs of the unified and specified commanders. In view of Persian Gulf and other operations, funding for OPTEMPO and flying hours will be maintained at the FY 1988 level. Other readiness lines are funded as completely as possible, supporting our commanders' needs for a mission-capable force today.

With the FY 1989 budget level as a starting point, however, a grim view of future operating support looms. At least a modest amount of real growth is absolutely essential to maintain and operate the Fleet in FY 1990 and beyond.

The procurement portion of the Navy budget has declined from 35.1 percent in the President's original FY 1989 budget to 31.4 percent in the amended budget. This is the smallest share for procurement in the past 13 years. We have reduced procurement of a broad range of missiles, ammunition and other expendables. Progress toward ordnance inventory objectives will necessarily be slower, but we have emphasized long term executability and relative contribution to the CINCs' ability to fight. We have also been careful to maintain quantities necessary to support competitive procurement where appropriate.

Modernization

Some delays in modernization of ships and aircraft were unavoidable given the size of the required reductions, but we have supported maintenance programs vital to forward operations. Looking to the future, we have programmed only those transitional initiatives that will be key to our warfighting capability in the 21st Century. Antisubmarine warfare is our highest priority warfare area. In view of Soviet gains in submarine warfare, we are pressing ahead with acquisition of the SSN-21 attack submarine. Acquisition programs are focused on systems and technologies that enhance our advantages over the Soviets and that support the overall competitive strategy approach to western defense.

As you will see in the details of our budget submission, vertical cuts were chosen over unrealistic program stretches. Risk is distributed as evenly as possible among warfare areas, to preserve the coherence of our procurement and developmental efforts. As we execute this program, we will pay even greater attention to fiscal and management initiatives that help reduce acquisition costs.

In addition to reductions in our actual and programmed force structure, we have canceled several new program starts. Two examples are the Naval Airship and the Navy Remote Ocean Sensing System (N-ROSS).

Program Terminations

Fiscal constraints have also adversely impacted ongoing programs. We terminated A-6F aircraft procurement and are working to develop an acceptable alternative solution to meet our needs. We also had to to eliminate two Aegis ships from the FY 1989 procurement program.

Program Flexibility

As we continue to refine the Navy's program through the next few months, I must urge caution. The consequences of fiscal retrenchment are plain. Some unit costs will go up. Competition, with its attendant savings and expanded mobilization base, will be more difficult to maintain. The industrial base will suffer, with less capacity for the surge required by a major conflict. These trends reduce directly the deterrent value of America's defenses. Therefore, we must work hard to promote a public consensus for a more stable and durable approach to national security budgeting.

Further details regarding our program requests, which reflect many difficult decisions, are presented in my statement for the record and in the posture statements of the Chief of Naval Operations and the Commandant of the Marine Corps that you will receive in subsequent testimony.

DEPARTMENT OF DEFENSE REORGANIZATION

Let me address for a moment the Department of the Navy's reorganization pursuant to the Goldwater-Nichols Department of Defense Reorganization Act. Mr. Chairman, the Department of the Navy is committed to full support of the letter, spirit and intent of the Act. In the case of Secretariat functional responsibilities, the Secretary of the Navy has assigned sole responsibility to individuals and offices within the Office of the Secretary of the Navy for the conduct of Acquisition, Research and Development, Comptroller, Information Management, Auditing, Inspector General, Legislative Affairs and Public Affairs. The required reorganization of the Office of the Chief of Naval Operations has been completed and all personnel transfers affecting the office of the Commandant of the Marine Corps will be executed shortly. We are reducing our staffs while minimizing turbulence and forced separations. Headquarters manpower will comply with statutory levels by 1 October 1988.

[The Navy has taken aggressive action to comply with the joint officer management provisions of the Act, including: improvement of the quality of officers assigned to joint duty, increased continuity of joint duty tours, and clear signals to the Navy and Marine Corps officers concerning the value of joint assignments to their careers.]

The Department implemented a number of the acquisition reforms contained in the Defense Acquisition Improvement Act prior to its enactment, as a result of the NSDD-219 (Packard Commission) directive and the DOD Reorganization Act. These included: baselining, multi-year procurement and the enhancement of professionalism of acquisition personnel. The Department has also completed implementation of several of the Act's key provisions. Specifically, the Navy has identified the SSN-21, T-45TS and Trident D-5 programs as Defense Enterprise Programs, the last two of which have been authorized for funding on a multi-year basis rather than year-to year. Also, we have implemented procedures to allow Navy program managers to make maximum use of commercially available supply items and made provisions for more realistic, live-fire testing of weapons systems to assess their vulnerability and survivability. Implementation of the Act's other provisions will be completed once DOD implementing guidance has been provided.

I would like now to address briefly an issue of importance that affects all of our people and programs in the sea services.

PEOPLE

Mr. Chairman, our sailors and Marines -- our people -- are without question our greatest asset. While we accept the need to meet our commitments with fewer personnel than we actually require, it is essential that we provide adequately for those who do serve our nation in the sea services throughout the world. People programs, including quality of life issues such as family housing and medical care, were funded to attract and retain the sailor and Marine of the next century. Pay caps since FY 1983 have resulted in a disparity between military pay and private sector wage growth of about 11 percent as measured by the Employment Cost Index. I join the uniformed and civilian leaders of all the Military Services in supporting the Department of Defense request for a 4.3 percent pay raise for our sailors and Marines.

CONCLUSION

In conclusion, as the Secretary of Defense noted in his statement when he appeared before you last month, the amended FY 1989 defense budget before the Congress reflects significant force structure reductions that have long term implications for our national security. The price we paid in the early 1980s to reverse a tragic decline in the condition of our military forces was indeed high. I share the Secretary's fear that, with four years of real decline in defense already a fact, we risk entry into another era of neglect. Even in this fiscally constrained environment, we must never lose sight of the commitments we ask of Americans in uniform, nor of the threat they face when going in harm's way on our behalf. We must equip, train and support them to ensure that they remain, as they are today, ready to meet those commitments, and deter or defeat aggression. In fairness to them, and in light of our sacred obligation to preserve and defend our nation's security, we can do no less.

Mr. Chairman, I am confident that with the support of the Congress and the support of the American people, together with the dedicated professionalism of the men and women of the sea services, the Navy and Marine Corps team will continue to serve this nation well and faithfully.

Senator EXON. Thank you, Mr. Secretary, for the information.

We have a quorum call, and the Sergeant of Arms is being instructed to require the attendance. The Sergeant at Arms has received new respect in the U.S. Senate lately. [Laughter.]

So we will have to go over and vote in just a few moments.

Senator WARNER. Mr. Chairman, could the Secretary of the Air Force be given an opportunity——

MIDGETMAN

Senator EXON. I am going to get into that because there are other members that also have a keen interest in the Midgetman controversy.

I was about to allow the Secretary to respond to the legitimate question that you asked him.

Before I do that, though, let me come to the defense of the Secretary of Defense.

The chairman of this committee and you, Senator Warner, and the chairman of our counterpart in the House wrote a letter to the Secretary of Defense after it was quite well known that because of the budget constraints the Secretary of Defense was going to recommend that we could not fund the Midgetman.

Neither the chairman of the Strategic Subcommittee nor the ranking thereof were contacted on that, and we in turn wrote a letter to the Secretary and suggested that it was his job to send over what he felt were the proper recommendations. He proposes and we dispose.

We, therefore, said we did not wish to tie his hands. I think the result has been that the Secretary, and I suggest probably wisely, had said with the budget constraints we do not have the money for the Midgetman, but that he would leave something in there to keep it alive so that the next President of the United States, whoever that is, can make the final decision on the Midgetman.

I think that was what was intended. At least in my conversations with the Secretary and others, that is what he has told me.

I think the question becomes whether the $200 million is sufficient to keep the small ICBM alive, or whether another figure that I have heard, over $400 million, is needed to keep it alive. I would say if it is $400 million to keep it alive, we cannot afford it. We had better go back to the original intention of the Secretary to kill it.

But I know that that feeling may not be shared by either Senator Warner or the chairman of this committee. I think it is shared by the chairman of the Strategic Subcommittee and the ranking member there.

But that is what I know about it. Senator Warner has a version of it, and we both may be right. Could you clarify?

Mr. ALDRIDGE. Yes, Mr. Chairman. The fiscal year 1989 budget in the Department of Defense and that which is in the Air Force includes $200 million for sufficient funds that will keep a small ICBM program alive for another year.

Unfortunately, in my testimony I had inserted my own words and not the words that my staff had provided. I was trying to clarify that there is no money in the out-years beyond fiscal year 1989 to carry the Small ICBM program forward unless the next President decides he will reallocate those funds.

Senator Levin. You mean the Midgetman?

Mr. Aldridge. For the Small ICBM, yes, sir.

Right now there are sufficient funds. It has not been terminated. It has not been canceled in fiscal year 1989. I do want to correct the record with that statement.

Senator Exon. Well, that is a good statement. It is all but canceled.

But I know how we dance around on these things. Some of the same people that rang the alarm bell when the Secretary was going to take the right move, in my opinion, are the same people that have been inviting us on a whole series of crazy ideas, including putting the Peacekeeper in Minutemen 3 silos in that famous Scowcroft report. That makes no sense to any military person that understands the issue.

So I simply say that I think the Secretary's instincts were right in the first place, but I recognize the political spot that he got into, and I am glad we have clarified the record.

There are some of us that feel the Midgetman would be a fine thing if we had plenty of money, but we do not. The members of the Armed Services Committee in both the House and the Senate and the Appropriations Committee and the outside advisors who have led us down the wrong path, that of the Midgetman, still do not seem to understand we have a problem on our hands with money.

If we are going to have the rail garrison MX and if it works, then as much as I would like to have the Midgetman as backup, I do not see how we are going to be able to afford it.

We will stand in recess until we have a chance to vote, and we appreciate your waiting.

[A brief recess was taken.]

MIDGETMAN

Senator Exon. The committee will please come to order.

We were having a discussion about the Midgetman. I do not know whether you have any more to say on that or not, Mr. Secretary. I guess that one way of describing the Midgetman situation today is that we can list its health as critical.

Perhaps it is on full life support systems with a question as to whether it is going to survive. But I think it is safe to say that you, as the Secretary of the Air Force, and Secretary Carlucci have decided not to pull the plug on the life support system at this time despite what you think is possibly in the best interest of the defense of the United States in the long term.

So what you are simply saying is we are not funding it in the out-years, which sends a clear signal to what we think of it. We have agreed to put $200 million in there for the life support system, which should fund us through next January when the new administration takes over. If they want to pull the plug on it, they pull the plug on it or they breathe some new life into it with major funding.

Mr. Aldridge. That is correct, Mr. Chairman.

I just want to point out one thing. In this budget environment, tough choices have to be made. We do not feel in the Air Force that a $30 billion increase in costs for the Small ICBM at the expense of a $30 billion cut in conventional forces, which is where those moneys would come from, was in the net interest of the United States.

Senator EXON. That is well said. Of course, that is just another way of saying what I said shortly before the break. We have to make hard choices.

I would think that even those who are strongly committed to the Midgetman would have to agree that, given the budget conditions and restraints that you are faced with, I think you made a very responsible choice.

I think it would have been irresponsible to make further cuts in the existing strength, which you would have had to do, and maybe get into some other programs that I think are much higher priority than Midgetman.

But then there are good people who will differ on that.

Mr. ALDRIDGE. Mr. Chairman, you and I will have a very short debate on that issue.

Senator EXON. Secretary Carlucci has stated that even if he receives his projected 2-percent increase for fiscal year 1990 and up through 1994, we would still have to cut $300 billion over the next 5-year period, which is another highly staggering amount.

I ask each of you what is your candid view as to how we got ourselves into this situation? Obviously, we cannot deal with it by merely clipping and trimming a little bit here and stretching out something a little bit there, which we have been doing, not successfully, for years.

Is it not time that we start to rethink much of how we do business around here with regard to the future of our national defense and look at it over the long pull rather than how much can we put into the budget to start what new programs this year in hopes that they will flower into the future?

What is your suggestion in this regard, and what is going on in the process of your independent agencies now so that we can be cooperative and helpful with you not only on next year's budget but the ones that follow?

I would start with you, Secretary Marsh.

Mr. MARSH. Mr. Chairman, I think, one, you have mentioned how we ended up in this situation.

I would say to you that, first, there has been a plan for the orderly development of all of our services, I think that plan, which I believe was in the national interest and was vital to correct a number of problems that existed in our defense posture, would fare quite well for the first 3, 4, or 5 years. Then difficulties would occur.

I think that many of those difficulties were really not associated as much with the Department of Defense. Number one, I think there were certain economic reverses that occurred in the country. We had some very significant budget shortfalls in our national budget, and I think there was a diminution of the interest and effort that once existed in the country to increase our defense forces.

That effort would, unfortunately, in my view, diminish, which places a burden on us to emphasize the importance of what we seek to do, because the threat has not diminished. The Soviet Union has not abated their production for their armed forces. We see no significant cutbacks in their tank production or other armaments. So the threat continues to be a very real threat.

So I think there has got to be a partnership between the Congress and the Department, and I think there has to be an understanding by the American people to gauge what we need.

There are many things that can be done, I believe, and I think that we have taken a number of steps to improve the manner in which we do business, the acquisition system which has been implemented.

We are very, very hopeful that the procurement system that provides for the new acquisition executive in each of the departments will be helpful.

We also think that there are a number of steps that have been taken in the Department to remedy some of the abuses that were of concern to the Congress and, indeed, of concern to us and very often were discovered internally in the building. Oftentimes the abuses were things that we had sought to correct.

I would say to you I think the size of your Army is now scaled to where in terms of risk we would be taking greater risks, one, to reduce its size further or, two, to cut back on its modernization program.

I believe that the proof of the pudding of the effectiveness of what the Congress has done in resourcing the Department and our program is the fact that we were able to go to the conference table and we were able to come to the point where we are on an INF agreement because the Soviets were convinced of our capabilities.

I believe that to surrender those capabilities would not be in the national interest, because the threat in my view, sir, is still there.

$300 BILLION CUT

Senator Exon. Thank you, Mr. Secretary. I think I heard you very well.

I come back to the situation that Secretary Carlucci says that even if he gets a 2-percent increase, we are going to have to cut $300 billion.

I take it your statement indicates that you think it would be highly dangerous to cut further our Army basic forces. I do not know where your share of that is coming from.

The only thing I can deduct from what you said was that the $300 billion in cuts will, therefore, have to come out of the Navy and the Air Force.

So with that, Secretary Garrett, I would like to have your opinion. You are going to have to cut at least $150 billion in the next 3 years if we go along with what the Secretary said with regard to the Army. How does the Navy feel about that?

Mr. Garrett. Mr. Chairman, with all due respect to the Secretary of the Army, the Navy would take issue with that figure. I think as we have attempted to achieve balance in submitting our

1989 amended budget, that would be true across the Department, clearly.

I think, in answer to your question if I heard you correctly, the key is, as I said in my opening statement, the Department needs stability. Certainly the Department of the Navy needs some stability in the budgeting process, and I think that would adhere to the other departments.

I think Secretary Carlucci also testified somewhere to the effect that had we had a constant real growth over the past decade or more, as opposed to the significant increases that we used as planning, that, in fact, we probably would have ended up with the same improvements that we have. I think that just reinforces the issue that stability is most important.

Certainly it is most important from the aspect of our people, and I think Secretary Marsh and Secretary Aldridge can reiterate this, having gone through this process of taking the President's original budget, his 1989 budget, and having to implement the cuts that were mandated by the agreement reached in the budget summit, completely throws into a cocked hat the ability to implement, number one, the planning that has occurred in years prior and to plan for the out-years.

So my answer would be, as to how can we best ameliorate this, number one, I think a step in the right direction would be to go with a biannual budget at least for starters, a 2-year budget for the Department so that we can plan on that and implement that planning as we go down the track and to continue in that vein in the out-years.

Senator EXON. Secretary Aldridge.

Mr. ALDRIDGE. Mr. Chairman, the amended fiscal year 1989 budget that is over in the Congress reflects already the beginning toward that 2-percent real growth cut that you mentioned, the $300 billion. $97 billion of that $300 billion belongs to the Air Force. We had to take $97 billion beyond what was projected to be available to us.

So in the decisions in fiscal year 1989 where we brought down the force structure, that is the beginning of recognizing the out-year impact, because we are going to have to cut down the number of airplanes and the number of mouths we feed in order to sustain those levels of cuts. We have already started that process with the fiscal year 1989 decisions.

Senator EXON. Are you saying, Mr. Secretary, that the cuts that have been made now in force structure will repeat?

Mr. ALDRIDGE. Yes, sir. You are saving those every year in the operating and maintenance costs. You do not have to buy as many spare parts. You are not flying as many flying hours. That is every year of the 5-year plan.

Senator EXON. But you are not saying that no more cuts will have to be made?

Mr. ALDRIDGE. Oh, no, sir. I am saying many more cuts will have to be made; but I think you are beginning to see what we are having to do to live with those levels, knowing that we are not going to have as much money in the out-years as we once had. It is going to be much less and at much less growth.

We have had to accept and make the decisions beginning down that road, and you are seeing the beginning of those kind of decisions in 1989: force structure cuts; slowing down rates of modernization; terminating marginal programs. Those things are just beginning, and more will have to come.

Senator **Exon**. Thank you, Mr. Secretary. My time is up.

Senator Warner.

Senator **Warner**. Mr. Chairman, might I defer to our distinguished colleague, Mr. Thurmond?

Senator **Thurmond**. Thank you very much, Senator Warner, and thank you, Mr. Chairman.

Secretary Aldridge, I want to say to all you gentlemen we are glad to have you here. We appreciate the great work you are doing.

SENIOR MILITARY OFFICER IN CHARGE

There have been some allegations that having a senior military officer in charge of the financial management functions in the Air Force has diluted civilian control of the military.

Would you respond to that?

Mr. **Aldridge**. Yes, sir. I would be glad to.

I just disagree in the strongest terms with that allegation. What we have done as a result of the Goldwater-Nichols Reorganization Act, I have responded to the congressional direction to bring under my authority the Comptroller of the Air Force from the Chief of Staff.

We have also had to absorb a 15-percent cut in headquarters staff.

When we looked at those two key factors, I had made a decision that it would be better to have one office with financial management responsibility, and I decided to eliminate the Assistant Secretary for Financial Management in the Air Force and to create in his position a more important position, which is called the Assistant Secretary for Readiness Support, a very critical factor in the Air Force.

So having an assistant secretary focused on the readiness of the Air Force as opposed to having two offices which have essentially the same functional responsibility I thought was a wrong choice.

So I have decided to move in the direction of having only one office, and civilian control has not been reduced in the Air Force as a result.

Senator **Thurmond**. Thank you.

RAPID ACQUISITION OF MANUFACTURED PARTS (RAMP)

Secretary Garrett, the Navy has been working on a program in South Carolina for the rapid acquisition of manufactured parts, known as RAMP, to shorten the time that it takes to get certain spare parts to the fleet.

This year, however, the Navy has greatly reduced the funding for what has been thought to be a very promising program. It was approved by the former Secretary of the Navy and I understood was going to be approved by the next Secretary. I have asked the present Secretary to now look into it, Mr. Ball. It is a very important program.

Given the fact that this technology holds a promise for long-term savings in the future, I was just wondering why they reduced this program at all.

Mr. GARRETT. Senator, you and I, as I recall, discussed that program during my confirmation hearing, and subsequently I looked at it personally, and I share your view that it has value. We looked at it, but at this point in time, given the reductions that the Navy was forced to take across the spectrum, and as Secretary Aldridge points out, these decisions were hard decisions and were not made without pain. I am sure it was an issue of affordability.

I have not looked at that program since probably September or October. I will assure you, however, that I will go back and look at it and see what its status is and where it is going.

Senator THURMOND. I cannot imagine a program more important and why it would be reduced one dollar. They will be able to manufacture these spare parts in about a month, maybe 6 weeks, and it would take 9 or 10 months in time of war. That would be crucial.

I hope you will look very carefully at it and recommend restoring these funds.

SIGNERS OF THE CONSTITUTION

Mr. GARRETT. I certainly will look at it, Senator.

Senator THURMOND. Now, Secretary Marsh, I want to commend you for what you did in getting up these biographies of the signers of the Constitution and also those who served in service during the Revolutionary War.

I am just wondering. Do you plan to put those in one book and get them all together?

Mr. MARSH. Yes, sir. That is being done, and we can get you a copy of it, sir.

Senator THURMOND. I would like very much to have a copy of it when it is finished. I thought you did a fine job on that.

[The information will be retained in committee files.]

Mr. MARSH. Thank you, sir.

HEAVY EXPANDED MOBILITY TACTICAL TRUCK (HEMTT)

Senator THURMOND. Secretary Marsh, last year the Congress authorized a multi-year procurement of the heavy expanded mobility tactical truck (HEMTT) that will force the Army to buy many more of the vehicles than the Army requires.

Given the severe budget reductions now faced by the Army, what is your position and that of the Secretary of Defense on continued procurement of a vehicle which you do not need?

Mr. MARSH. Senator, I think that probably the budget proposal speaks for itself. The Army requirement for the HEMTT for fiscal years 1988 and 1989 is roughly 2,200.

There have been directions to the Army and authorization for a buy of roughly 4,500, about double the amount that we need. There is $239 million to go toward the accomplishment of the 4,000-plus objective.

I believe you will find that the Army budget, pursuant to the congressional direction, submitted a request consistent with the requirement of the law, and I believe that the Department of Defense submitted a rescission in the budget to rescind the $239 million authorization.

It is a very technical budgetary issue, and I think what I have said outlines the general parameters of it, but I would be glad to amplify precisely where we are on the record for you, sir.

Senator THURMOND. If there is anything else you would like to say on the record for it, I would appreciate it.

Mr. MARSH. We will supplement the record, if I could, sir.

Senator THURMOND. Thank you.

[The information follows:]

HEMTT

As you know, the Army's fiscal year 1988 budget request for HEMTTs was increased by over $100M. The result of this action will be the procurement of an additional 500 vehicles above the Army's fiscal year 1988 request.

The fiscal year 1988 budget also supports the initiation of the Palletized Loading System (PLS), which is a 16.5 ton heavy truck that will satisfy a number of our current heavy truck requirements. Additionally, we expect the PLS to displace many HEMTTs that will be in the field. The PLS can significantly enhance the efficiency of our heavy truck fleet, with its self-load and unload capability.

As a result of this efficiency and for practical considerations of affordability, we wish to vigorously pursue fielding of the PLS over increase in HEMTTs.

Senator THURMOND. Now, I would like all three witnesses to respond to this question.

MILITARY DOCTORS

Each year, more and more military doctors leave active duty. Our ability to support our combat forces in time of war has been diminishing rapidly.

What recommendations have you made to the Secretary of Defense to help improve our medical readiness? Where do you place medical readiness within the overall priorities of your military department?

We might start with Secretary Marsh.

Mr. MARSH. Senator, I would say to you in the Army a very significant number of your medical resources are vested in the Reserve components. By that, I am talking in terms of 60–70 percent are in the Reserve component.

When we talk about medical, it is not just physicians. It is also nurses.

In reference to the active duty side, I think you will find that we have been able to meet a number of our shortfalls that existed some years ago in the last 6 or so years, to where, except for certain specialties, we have been able to fill our medical needs for the active force; but for the mobilized force and in certain specialties, we have not been able to do that.

One of the steps that has been taken and that we are seeking to get going and get underway are two programs in the Reserve components, one that relates to the nurses' side, one that relates to the doctors' side. We are seeking to develop some programs to bring doctors into the Reserve components where there is greater flexibility, less requirements as far as mandatory types of drills that regular soldiers in the Guard or Reserve have. We think we are having some success with that.

The bonus program has been very helpful in the medical arena, and I would strongly urge the Congress to support that.

Likewise, the pay raise proposal of 4.3 percent is across the board. It applies to all of our soldiers, and the doctors would be beneficiaries of that. I think that would be a significant gain in being able to retain these people and also to attract them into the Guard and Reserve because it relates to their compensation as guardsmen and reservists.

I would like to amplify on the Guard and Reserve program if I might in the record, sir.

[The information follows:]

RESERVE COMPONENT MEDICAL RECRUITING PROGRAMS

Although much improvement in reducing aggregate shortfalls in physicians and nurses has been experienced over the past decade, much remains to be accomplished in meeting our full wartime requirements.

In order to deal with this long-standing problem of Reserve medical personnel shortages, the Army has developed and resourced a plan designed to improve the staffing of the Reserve medical forces. The cornerstone of the Army's program is comprised principally of the New Specialized Training Assistance Program (NEWSTRAP), Health Professional Loan Repayment Program (HPLR), a National Augmentation Detachment, and Recruiter Force Enhancements.

To date, there are 80 physicians and 22 nurses enrolled in NEWSTRAP with 55 applicants processing. New legislative provisions have enhanced this program. It has now been extended to other critical skills serving in both the Selected Reserves and Individual Ready Reserve.

The Health Professional Loan Repayment Program (HPLR) currently has 95 participants. Although implemented in July 1986, this program was not advertised at the national level. More importantly, it was very restrictive in dollar amount and excluded many nursing loans. Both of these problems made this program unpopular with recruiters. However, with the new legislation this program is much more applicable to nursing which should improve its performance in fiscal year 1988. Nonetheless, the maximum dollar amount that can be repaid is $20,000 which is not very much considering that many physicians have loans exceeding $100,000.

The Army is establishing a National Augmentation Detachment (NAD) for doctors and nurses in surgical specialties. NAD will offer flexible training opportunities and will overcome geographical constraints which currently exist in some regions of the country for assignment of those surgical specialties to Troop Program Units (TPU).

In fiscal year 1988, the Army increased the AMEDD recruiting force by 75 Active Guard Reserves (AGRs). Although this will improve our ability to reduce our shortfalls, it is woefully short considering the fact that an additional 167 AGRs are needed in order for the Army to meet Medical Planning Module (MPM) requirements.

The Army Surgeon General has enhanced the publicity about the Specialized Training and Loan Repayment programs through increased advertisements in newsletters, newspaper ads, and professional journals in a number of recruiting regions. More importantly, a national full page ad is under development and is expected to be published in the 4th quarter of this year. Additionally, the Army contributed approximately $130,000 to the direct mail campaign being sponsored by the Office of the Assistant Secretary of Defense for Health Affairs.

Successful implementation of Army initiatives to resolve shortfalls in the Reserves is dependent on favorable resourcing of the program. Any requirement that remains unresourced, such as recruiter force enhancements, impacts adversely upon the effectiveness of other initiatives to meet programmed goals. Given existing congressional restraints on the Army program, the AMEDD will experience a shortage of 11,000 nurses and 2,000 physicians by fiscal year 1994.

Senator THURMOND. Thank you.

Is it not cheaper for the Government to use our defense doctors for dependents, too, rather than have them go to civilian doctors? Is that not more satisfactory?

Mr. **Marsh**. I believe, sir, you would probably find that if we had the adequate medical resources, we would save money as opposed to going the CHAMPUS route, where we send patients outside the military treatment facilities.

Senator **Thurmond**. Secretary Garrett.

Mr. **Garrett**. I certainly join Secretary Marsh in that later statement.

I, too, believe that if we could access and retain sufficient people to treat both the active duty, retired community, and the dependents, we would save money over these horrendous CHAMPUS bills with which we are faced.

Your question was where do we place this in our priorities. The Navy, I think, as evidenced by the budget submission before you, places a very high priority on Navy medicine. We are committed to providing an adequate level of care to all eligible beneficiaries.

Of course, we face the same problems that do the other services; that is, recruiting. We hope to grow in fiscal year 1988, the medical billets, by 819 and increase the medical personnel inventory by 1,000—277 officers and 723 enlisted.

I think we have an achievable incremental growth plan in health professions to increase our inventory. This, I must say, is a result in large part of the attention that was given to this problem in the Navy, which has been a longstanding problem, by Secretary Webb, who took this issue on immediately upon assuming office.

We have protected, for example, in the fiscal year 1989 budget and we are protecting in the upcoming budgets the medical side of the equation.

So we are committed to improving Navy medicine. Whether we are able to access the required number of doctors, only the future will tell, but we are certainly going to work in that direction, Senator.

Senator **Thurmond**. Thank you.

Secretary Aldridge.

Mr. **Aldridge**. Yes, Senator. Our people are the number one priority in the Air Force, and part of our people programs includes providing adequate medical care both in terms of their families and themselves as well as being prepared to fight.

We place an extremely high priority on the medical business in the Air Force. We share some of the problems, again, as the Army and the Navy have about making sure that we can recruit and retain high quality people. That is going to take bonuses and pay, adequate training and things like that.

One program which I thought I should bring to your attention in the Air Force which is a result of General Cassidy's initiative, not only must we worry about providing the hospitals and the doctors, but we must also provide for the airlift necessary to bring wounded soldiers out of the theater back home to hospitals.

MEDICAL CRASH PROGRAM

He has a program called the Medical Crash program, in which he has a program with airlines. They can go in and modify the seats of commercial airlines that we can pick up in times of war to bring patients out of Europe through Medivac procedures. There is a program in which he has worked with the airlines to do that.

That is a very important, very low cost, very high payoff for improving the medical readiness to reduce the demands on the hospitals and medical care in the theaters and bring them back to the United States for medical care.

Unfortunately, Senator, one effect of all of this is we need more doctors and more nurses. They tend to be officers. Unfortunately, there is a great pressure from the Congress of the United States to cut officer strength in all the services.

Regretfully, we cannot add officers in medical care and turn around and move them. It is a double cut if we have to reduce the number of officers.

One of the things that we would like, obviously, for the Congress of the United States to do is give us some relief on the officer cuts, because part of the officer increases we need is in the medical arena.

Senator THURMOND. Have you all made that recommendation to the Congress?

Mr. ALDRIDGE. Yes, sir, we have in this fiscal year. Yes, sir.

Senator THURMOND. Thank you very much.

Senator EXON. Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

BUDGET CUTS FROM STRATEGIC FORCES

For each of the Secretaries, and I also welcome each of you, can you tell us offhand, and if not would you tell us for the record, how much of the cuts that were taken from your proposed 1989 budget plan were taken out of strategic forces in general and strategic forces investment accounts in particular?

Could each of you give us a percentage and, if not, would you give us that for the record?

Mr. ALDRIDGE. Senator, I believe I would have to provide it for the record. I think a fairly small amount came out of the strategic forces in the Air Force.

However, the cuts in general terms came 80 percent out of the investment accounts in the Air Force and 20 percent out of the O&M accounts, which means we took a much larger percentage of the cuts in procurement and R&D than we did in readiness.

Senator LEVIN. Was that strategic and conventional?

Mr. ALDRIDGE. That is total. I would think that in the strategic arena, would you include the GLCM in strategic, or would you put that in the nuclear theater?

Senator LEVIN. I may lose some friends here if I do it in either.

Mr. ALDRIDGE. I will have to provide that for the record. I do not recall the exact numbers.

[The information follows:]

BUDGET CUTS FOR STRATEGIC CONVENTIONAL FORCES

Mr. ALDRIDGE. Cuts from the original Air Force 1989 budget request for strategic forces amounted to $6.3B. Of this amount, $6.2B was in strategic investment and $0.1B in strategic forces in general.

There is no seam in Air Force budget between strategic and conventional. However, the budget is built and portrayed in the following mission areas: Strategic, Tactical, Mobility, Defense Wide, Special Operations Forces, Development Base and Centrally-Managed Support. The Strategic Forces Mission Area received total cuts of $6.3B or 23.9 percent from the original FY 89 position of $26.4B.

Senator LEVIN. Secretary Garrett.

Mr. GARRETT. Senator Levin, I would also like, if I could, to provide the exact figures.

But having gone through that, it is my belief that the strategic forces certainly did not take any disproportionate cuts as we worked across the spectrum. The Trident was protected, and the D-5 program was protected.

Senator LEVIN. Can you give us that specific information for the record?

Mr. GARRETT. Certainly.

[The information follows:]

The original, amended and percentage change figures for Navy strategic accounts are as follows:

[In millions of dollars]

Appropriation	Fiscal year 1989		Delta	Percent change
	Original	ABS		
O&M	1821.3	1564.3	-257.0	14.1
OPN	726.4	556.9	-169.5	23.3
WPN	2227.1	1865.6	-361.5	16.2
RDT&E	6207.4	5992.4	-215.0	3.5
MILCON	78.5	71.4	-7.1	9.0
SCN	1898.3	1367.8	-30.5	1.6
APN	0	0	0	0

Senator LEVIN. Secretary Marsh.

Mr. MARSH. Senator Levin, I would like to also provide it for the record.

However, as you are aware, the Army is not that heavy a player in the strategic system. Consequently, our reductions would be very much less.

[Information not received in time for printing.]

Senator LEVIN. Very good.

B-52 FORCE

Secretary Aldridge, can you tell us where the Air Force stands now in expanding the conventional warfare role of the B-52 force?

Mr. ALDRIDGE. Yes, sir. We, of course, have a plan to convert the older non-ALCM carrier B-52Gs to conventional role. I am hesitant to give you the precise plan at this point because we have been going through the preparation for the next 5-year program within the Air Force and certainly within the Department of Defense.

We are now looking at that plan based upon anticipated reductions in the out years to determine precisely how many conventionally armed B-52s we can sustain in the force.

But as of right now, as you know, the Strategic Air Command Commander, General Chain, proposed to have a fairly large B-52 conventional force. Presently, I do not believe we can sustain quite that same level of force, but we cannot give you a precise plan until our 5-year plan is finished this summer.

Senator LEVIN. Secretary Marsh, I believe, has given us the figure in his testimony for what the Army is likely to have to take in reductions in that 5-year defense plan.

Do each of you have a number?

Mr. GARRETT. I will provide the number.

[Information not received in time for printing.]

Senator LEVIN. Do you have a number, Secretary Aldridge?

Mr. ALDRIDGE. We have had a cut. If you took the President's fiscal year 1989 budget and projected it in the out years versus the current President's budget projected in the out years, the Air Force has had to take a $97 billion cut.

Senator LEVIN. Are you doing that in a comparable way to what Secretary Marsh did to reach his figure of $80 to $90 billion?

Mr. ALDRIDGE. Yes, sir.

Senator LEVIN. Is that methodology the same, roughly?

Mr. ALDRIDGE. I believe it is the same, and it is consistent with Secretary Carlucci's statement of $300 billion. Roughly, of the services we have about a third of that, and that is where you get the $97 million.

Senator LEVIN. I am going to have to run and vote. Let me ask you just one more question. Maybe one of my colleagues will come back and take over.

Senator Kennedy is here. Just one last quick question before I have to interrupt my questioning.

The services have done a good job in maintaining procurement rates for modern, sophisticated munitions, and I congratulate you for that.

MUNITION PROGRAMS

In the budget reductions that you are looking at for the fiscal year 1990 5-year defense plan submission, do you intend to give high priority still to those standoff munitions programs and to those excellent modern, sophisticated munitions programs?

Secretary Marsh, will that be a high priority in your 5-year proposal?

Mr. MARSH. Yes. I see no slightening of effort or lessening of interest there. Indeed, it seems to me that in our research and development, these are areas that are being targeted for pursuit.

Senator LEVIN. May I get a quick yes or no out of the two of you?

Mr. GARRETT. We are certainly paying equal importance to that area, Senator, as we can under the constraints.

Senator LEVIN. So your answer is equal but not particularly high.

How about Secretary Aldridge?

Mr. ALDRIDGE. Yes, sir. The standoff weapons and high leverage technology weapons, we have to keep those things because of smaller forces. We have to be more effective. But if there are any of them that are in trouble, they may be cut.

Senator LEVIN. Other than that, you give a high priority to them?

Mr. **Aldridge**. Absolutely.

Senator **Levin**. Thank you.

Senator **Kennedy** [presiding]. I think all of you have stressed the importance of the improvement of the equality of the personnel that are in the services now.

Yesterday we heard from Admiral Hays, who is Commander in Chief of the Pacific. He may be sending a signal of lessening support for the servicemen and women. This lessening is manifested in both direct compensation and the intangible rewards of military service.

MILITARY PAY RAISE

With regard to compensation, last year's 2-percent military pay raise did not keep pace with inflation. This widened the gap between military and comparable civilian pay to 11 percent.

Accordingly, in my view it is crucial that we support this year's 4.3 percent increase.

At the same time, the pay comparability gap has widened. We have been chipping away at the intangible benefits of military service. Services have reduced the tuition assistance program 25 to 35 percent. All four services have delayed promotions as a cost saving device.

Congress has capped the housing allowance the last 2 years, raising out-of-pocket expenses for housing 23 percent. 15 percent is the approved target.

Let us have a reaction from each of you whether you agree that we are sending the wrong signal and lessening our concerns for the servicemen and women.

Mr. **Marsh**. Senator, I think that this is one of the most crucial areas we have to address. There is one that you did not mention, but it was an enormous hardship to many of our people. That is the discrepancy in the value of the U.S. dollar versus, for example, the German mark.

This is imposing an enormous burden, and it is eating into the income of our soldiers who are stationed overseas; incidentally, not just in Germany but in other areas of the world. So that is a disincentive.

We have had great success with the GI bill which the Congress has provided us, but I would say to you that a 4.3-percent pay increase is an absolute essential, because if we get that we can really send a very clear signal that we are concerned about their welfare and their well-being. I would rate that as the highest, as well as this question of adjusting the cost of living in foreign areas of the world, sir.

Senator **Kennedy**. Mr. Secretary.

Mr. **Garrett**. Senator, again I get back to the theme that was raised earlier. So much of what goes on in the field is certainly a perception. I tend to agree with Admiral Hays, that the signals we send are not the right ones.

As I said earlier, the Navy is committed to our people. Without them, we have nothing, really. Our edge is our people and our technology.

For example, we lost just last year, I think, 400 highly trained and critical petty officers who were waiting for the Congress to act on the SRB bonus, many of them nuclear-trained petty officers. That will be very counterproductive in the sense that we have to retrain them.

So I go back to the issue of stability. If we could provide these people stability across the spectrum in all of the quality of life issues, I think then they could rely with a higher degree of reliance than they have in the past on the representations that we make; but clearly, we are not backing off of our commitment to our people.

Senator KENNEDY. Besides the fact that it is clear that you are all going to support the 4.3, are there any other areas that you think that we ought to be addressing which have not been addressed in terms of the people issues?

Mr. ALDRIDGE. Yes, sir, I do. There are several.

Just to highlight and emphasize with the other service Secretaries, people are the top priority programs we have in any service, and we have to be able to keep recruiting and retaining the high-quality people that we have had in the past.

Yes, we have been sending the wrong signals with some uncertainties where the future is going, uncertainties in retirement and uncertainties in pay which we have to address. Pay is number one.

PILOT RETENTION

We also have to worry about the retention of our flying force. Both the Air Force and the Navy are seeing major reductions in the pilot retention rates as a result of uncertainty, as a result of airline hiring, and out-of-pocket costs when we force people to move from one place to the other.

I think the average is about $2,000 that comes out of the pockets of our people. We have to fix that. We ask them to move. We tell them to move. They have very little choice, and we have to fix that problem.

There is a budget proposal from the Air Force and the Navy this year for pilot retention bonuses. We are losing too many pilots, and it is really very, very false economy not to spend a few thousand dollars to keep our pilots flying when it takes $6 million to train one to a full combat capability.

If we could save just nine pilots in the Air Force, we have paid the $54 million we have asked for in this budget for bonuses for our pilots.

Senator KENNEDY. I will get back to this, but I want to cover other areas, each of these areas that we have mentioned and others, to see if we cannot reflect that concern more realistically in the budget.

BOMBER FORCE

Secretary Aldridge, let me ask, we at the present time have both the B-52, the FB-111, the B-1, and we are moving on into the Stealth. I understand that there is possibly a request to convert the B-52s to a conventional strike role with the Israeli missile, the Popeye.

Why should the Nation support four different types of bombers? Can we afford it?

Mr. **Aldridge**. Yes, sir. I do not think we can afford not to keep them. They are basic capabilities that exist. We will be having a fairly small percentage of the B-52 force in the conventional role.

As I told Senator Levin, we are still going through the process of determining roughly the size of that force as we look into the budgets in the out-years. But that is a tremendous capability. It supports the CINCs' requirements for the enhancement of conventional forces. It will have a good standoff capability.

The FB-111s will transition to the tactical air forces in a conventional role, so we are bolstering again our conventional capability.

We will keep the B-52s in a nuclear standoff role until some future date, depending on what happens in arms control. There are 99 aircraft in the B-1 program and when we begin bringing in the B-2 we will have 132 of those aircraft, which will probably be the major part of the strategic strike force.

But what we are basically doing with the B-52s and FB-111s are transitioning those into enhancing our conventional capability, which is equally important to us. We can do so at a very minimal cost.

Senator **Kennedy**. I think, obviously, the objectives you describe are desirable. I suppose that at some time you are going to be forced into some of the various tradeoff positions in terms of various considerations and various priorities.

Let me go to the question about the naval problem of block obsolescence. I understand that as we go on into the 1990s, between 1990 and 1994, 32 of our 37 DDGs will reach their expected 30-year retirement. Between 1992 and 1997, 18 of our 33 cruisers will hit their expected 30-year retirement, and between 1998 and 2002, 34 of our 66 amphibious ships will reach the end of their useful lives. Of our aircraft carriers, between the year 2000 and 2006 nearly half, 6 of the 14, of the aircraft carrier force will reach the end of their expected useful lives.

How does the budget which you are submitting reflect that kind of obsolescence? As you are familiar, the Navy projections that have been provided have been really quite modest, while others, like the CBO points out, are a very dramatic ramping up in terms of that particular shipbuilding function.

Mr. Secretary.

Mr. **Garrett**. Well, Senator, our new construction program has been planned over a long period of time. Clearly, whether or not we are able to achieve and maintain our goals is a function of a continuing robust program.

I think it has been testified to before, and certainly I believe that we must keep the program on track and put into the pipeline at least 20 ships per year to maintain the plan that we have.

The budget that you have before you, of course, has, I think, only 17, and that was in large part a reduction that was forced by the $12 billion reduction that the Navy had to take. Two of those were the Aegis platforms.

As we work through the POM cycle for the 5-year defense plan, we will make every effort to maintain that robust building program to achieve our goals.

Senator **Kennedy**. Well, how does the current program take into consideration the block obsolescence of several of these classes of ships?

Mr. **Garrett**. I would have to provide that answer for the record. I have not reviewed it in that context.

[The information follows:]

Surface combatants were built in large numbers during the period from 1961 to 1968. These ships will be approaching the end of their useful service lives and begin retiring in the 1990s. Our greatest shortfall is in Battlegroup capable AAW Combatants. If we maintain the [deleted] reflected in the fiscal years 1988/1989 Shipbuilding Plan and modernize and extend service lives of selected ships, we will be able to sustain our surface force indefinitely. We have a study ongoing which will fully address our numerical and capability requirements for surface combatants in the 21st century. Initial results have validated the total surface force requirements which we have been building toward, although some change in mix may be indicated.

[Deleted.] Present plans call for replacement of these ships with new LHDs and a new class of amphibious ships, the LX, which is still in the early stages of development. [Deleted.]

Since World War II, we have averaged one carrier start every 2.4 years. Based on an average service life of 45 years, we now plan to begin construction of one CVN every three years to sustain a force of 15 deployable carriers indefinitely. In order to sustain this carrier force level into the next century [deleted].

NAVY COST OVERRUNS

Senator **Kennedy**. Let me ask, on the questions of the Navy cost overruns, you have seen in the GAO reports that 19 of the 22 ship construction contracts awarded in the past several years have exceeded the target prices. In many cases, the ceiling price may be reached as well.

The Washington Post reported there is $1.2 billion in cost overruns in the SSN-68. It is not a new class, obviously, and I find it difficult to understand why the builders are not getting more efficient and more skilled in controlling the costs.

In the 1970s we had major problems in cost overruns, settled after very bitter disputes with the builders, and it cost everyone a lot of money, including the taxpayers. Now the legacy of the past 7 years, the effort to build a 600-ship Navy, ought not to be a big bill to be paid later by someone else.

There has been a lot of talk about the benefits of competition lowering prices, but we have to ask ourselves how real this is if the builders lowball their bids in order to get the contracts, counting on getting well in the overrun business.

What comment would you make on that?

Mr. **Garrett**. Well, Senator, I think it is clear as the environment becomes more and more constrained and as the competition, which is a policy we have adopted and continue to follow, has forced the contractors to work with a much sharper pencil.

I think it is a natural follow-on that to meet their target prices it is going to become more difficult.

I think, however, as you have heard, I am sure, in the past that the benefits which we have derived from competition over the last 7 years where we have had on average $11.9 billion per year in shipbuilding costs have been impressive. At least, they have been impressive to me.

The issue regarding——

CONTRACT LOWBALLING

Senator **Kennedy**. Let me just interrupt. The idea of lowballing the contracts has been around as long as I have been around, and that has been before competition, after competition, and continues now.

You know, we can talk about how much is being competed for, but the facts remain, as I have described, in both the CBO and other investigative reports on this. It is basically business as usual. We have seen that. I have seen it in terms of various Navy yards up in my part of the world. That has been going on for 25 years under Republican and Democratic administrations.

How is it different now when we find this kind of record?

Do you accept the GAO report? Have you read it?

Mr. **Garrett**. On the Trident, I have not read the GAO report.

Senator **Kennedy**. No, on the basic ship construction contracts. Nineteen of the 22 ship construction contracts have exceeded the target prices, and in many the ceiling prices will be reached.

Are you familiar with that?

Mr. **Garrett**. I have not read the report, and I assure you that I will.

Senator **Kennedy**. Will you have a chance to review that and give us your reaction?

Mr. **Garrett**. Certainly, I will.

[The information follows:]

The GAO report projected cost overruns of $1.4 billion on 19 of 22 shipbuilding contracts reviewed. The government's share of these costs would be about 50% of the current projection. As I have indicated, this represents only a small percentage of the total value of shipbuilding contracts currently under execution. Some of these contracts are currently projected to reach or exceed ceiling price. The Navy has not forced these shipbuilding contracts into this situation. Rather, the contract award values and the sharing and ceiling arrangements represent business risk decisions made by the individual contractors at the time of award. The productivity levels anticipated by the shipbuilders, however, have not been achieved as execution has proceeded. Also, much of this growth is for ships that are early in their construction phase. As these ships are built over the next four to five years, our program managers and contractor management will be taking aggressive action to reduce the amount that final and costs exceed contract target costs. While it is true that the Navy has no funding obligation above ceiling, it is also true as you state, that the likelihood for claims increases as the contract reaches or exceeds ceiling. We are very much aware of this and have taken steps to avoid potential claims. The Request for Equitable Adjustment (REA) settlements with Electric Boat and Bath Iron Works reflect this effort, whereby the Navy and the contractors were able to expeditiously agree upon a fair and reasonable settlement. As a final point, the small amount of cost growth pales in comparison to more than $7 billion saved below the President's budgets for private sector shipbuilding programs since 1983.

Mr. **Garrett**. Let me, if I may, Senator Kennedy, point out in the instance of the 688s, of course, the target and ceiling price are a negotiated part of the contract, and if, in fact, they do exceed the target price, which we believe they will, the Navy's share at this point will be essentially 3 percent. That was, of course, part of the negotiating position going in.

Hopefully, the contractors did not. I think, given the program that we have had in the 688 class certainly over the past several years, I think they have increased their efficiencies and the prices have come down. But I will look at the report and give you my views on it.

Senator **Kennedy**. If you would.

If I could just ask one final question?

Senator **Warner**. Absolutely.

SPECIAL OPERATIONS FORCES

Senator **Kennedy**. Secretary Marsh, when are you going to have that position in the Special Operations Forces completed and filled in terms of the triad that you have outlined?

Mr. **Marsh**. Senator, it is my understanding that the Secretary of Defense has made a recommendation on a selection for that post, and that is currently being processed. I am not certain just where it is in the pipeline.

I do not think there has been any announcement at all by the White House in reference to it, but an individual has been named, and the review process has started, sir.

Senator **Warner**. Which post is that?

Senator **Kennedy**. Special Operations.

Senator **Warner**. It was my understanding that Ambassador Charles Whitehouse—well, the papers have not arrived.

Mr. **Marsh**. I do not believe the nomination has been sent to the Senate yet, sir.

Senator **Warner**. You do not?

Mr. **Marsh**. No.

Senator **Kennedy**. Just a final question.

RECRUITMENT

In terms of your manpower and the percentage of high school graduates and your recruitment in the Army, is that still as high in the last contracting stage? Have you had any falloff in recruitment?

Mr. **Marsh**. No, it has not Senator. You almost hesitate sometimes to give that answer because we are penalized by our success.

I can say to you that we are running better than 90 percent high school graduates in the current year that we are in, and that it looks to me like it will be less than 3 or 4 percent in category IV. I would predict it would be around roughly 70 percent, that range, in what we call category III A and above.

In reference to benefits, it is absolutely essential to the success of that program that we have the recruiting benefits in all the services to either retain or attract the kind of people that we need.

Very frequently we find, I think, in the Army, which is committed to all-volunteer forces, that we are faced with reductions because of our success. I would certainly hope that the Congress would continue to support us in the future as they have in the past in our advertising program, our recruiting program, and in our benefits program for those who come into the service.

Senator **Kennedy**. Thank you very much.

Senator Warner.

Senator **Warner**. Thank you, Mr. Chairman.

Mr. Chairman, I would like to make a clarification. The Senate has received what is called the intention to nominate from the President for Ambassador Whitehouse.

Ambassador Whitehouse has been a personal friend and a professional colleague of mine for many years, and I am quite optimistic that the Senate will concur in the President's judgment that this man is indeed qualified.

Secretary Garrett, I would like to make one observation. I have listened very carefully during the course of your testimony. You led off talking about our Navy and its declining budgets and difficulty in achieving the 600-ship goal. You, in a sense, paralleled that against the Soviet navy.

I, of course, have done that myself many times, but I think we must remember that a very substantial part of the United States Navy is today engaged in the Persian Gulf. They are there because of the interference with the lawful right of international navigation by nations other than the Soviet Union.

So while we tend to make that comparison, indeed, our Navy does face other potential adversaries worldwide.

Mr. GARRETT. There is no question, Senator Warner.

Senator WARNER. I believe that later in your testimony you had other references?

Mr. GARRETT. That was my reference to the high-tech threat, and it truly is a high-tech threat today that we face from Third World adversaries.

Senator WARNER. Gentlemen, I am not sure whether this has already been covered.

IMPACT OF GOLDWATER-NICHOLS ACT

Did you go into the Goldwater-Nichols Act and the question of joint officer requirements this morning? We have had a very disruptive morning because of votes, and we all apologize.

Has this been covered at all?

Mr. GARRETT. I do not believe so, Senator.

Senator WARNER. I wonder if each of you might discuss the impact on your respective services?

Yesterday, one of the CINCs stated that requirements for joint services were onerous and that he sought a 1-year delay. He emphasized the need to maintain quality for flag officer selection.

What relief does the Navy desire from the requirement for joint service?

Mr. GARRETT. Specifically, Senator Warner, as I said initially, we fully support the spirit and intent of the law, and we are working very hard to comply.

However, as we attempt to develop a package to fully implement title IV, we are very concerned about certain of the requirements in the act. Particularly in light of the unique and competing demands of proficiency in naval warfare, this act would require us to trade development of warfighting skill among certain communities, such as our submarine community, our aviation community, and our surface community increased jointness for our combat leaders.

I think the things that concern us the most, and maybe the Air Force and the Army share the same concerns, are the requirement for the statutory minimum tour lengths. That is a particular problem with these officers in year group 70 and earlier who have already essentially passed the window of opportunity.

Senator **Warner**. Do the other service Secretaries wish to comment?

Secretary Aldridge.

Mr. **Aldridge**. Yes, sir, I do. As a matter of fact, the Chief will be over this afternoon. I think they have some very, very strong and specific views about how to fix title IV to make sure they can handle it.

We cannot train people fast enough to meet the slots.

Senator **Warner**. Do their views parallel with yours?

Mr. **Aldridge**. Absolutely, Senator.

Senator **Warner**. Secretary Marsh.

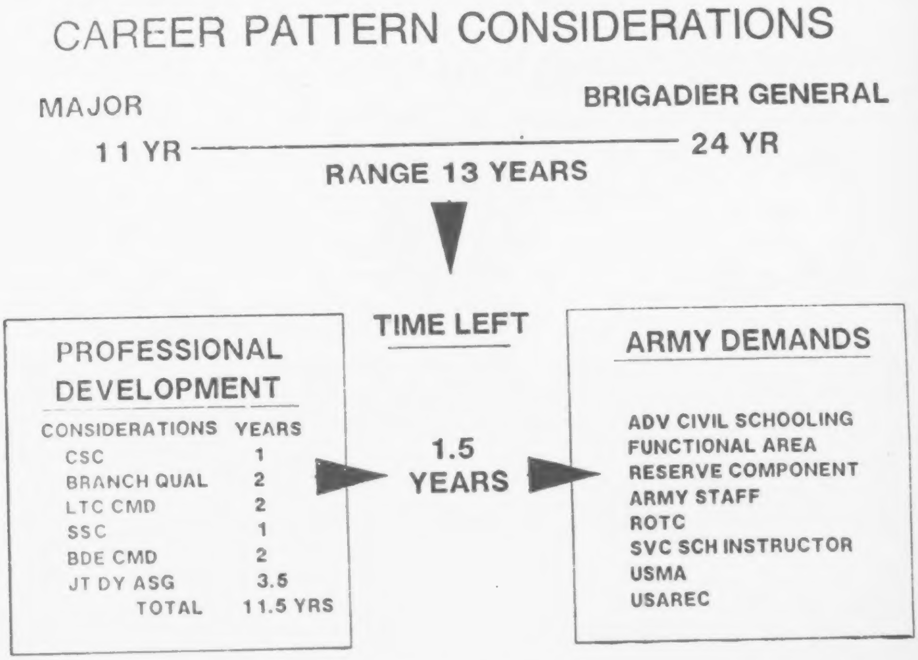
Mr. **Marsh**. Senator, could I show you a slide that points out what I think some of our problems are?

Senator **Warner**. Do you think that they have a legislative proposal?

Mr. **Marsh**. Yes.

Mr. **Garrett**. A package is being prepared.

Mr. **Marsh**. We think there are some fixes that can be made and should be made in the act for our officer corps, and I would say to you, Senator——



CAREER PATTERN CONSIDERATIONS

MAJOR 11 YR — BRIGADIER GENERAL 24 YR

RANGE 13 YEARS

TIME LEFT

PROFESSIONAL DEVELOPMENT

CONSIDERATIONS	YEARS
CSC	1
BRANCH QUAL	2
LTC CMD	2
SSC	1
BDE CMD	2
JT DY ASG	3.5
TOTAL	11.5 YRS

1.5 YEARS

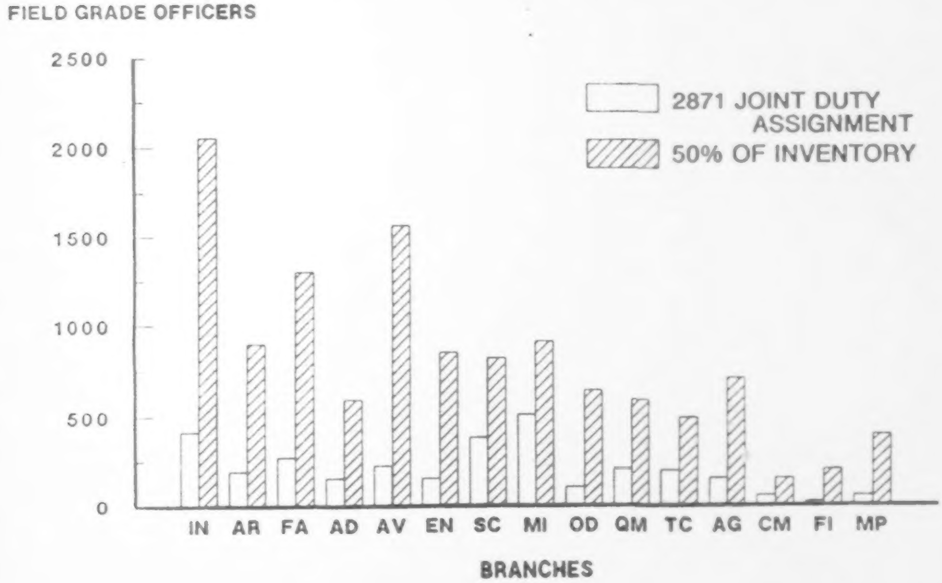
ARMY DEMANDS

ADV CIVIL SCHOOLING
FUNCTIONAL AREA
RESERVE COMPONENT
ARMY STAFF
ROTC
SVC SCH INSTRUCTOR
USMA
USAREC

Mr. **Marsh** [continuing]. That there are developing in reference to the management of the act for the officer corps of all services a set of rules and regulations that are extraordinarily complex and difficult to follow and that lead to many, many different interpretations.

One of the things that you have with the joint assignments is that a major today in the Army, in the Air Force, or the Navy hits there in abut 11 years of service. He is going to be a brigadier general, if he is going to get there, at 24 years.

You have 13 years to get him qualified. The problem is that by the time you send him to the Command and General Staff College, you give him 2 years of branch qualification, he commands a battallion, you send him to the war college, give him brigade command for 2 years and have a joint duty assignment of 3½ years, you only have 1½ years left for him to do all these other things they have been doing, functional training, Reserve component training, Army staff assignments, ROTC assignments, teaching at the United States Military Academy, and this sort of thing.



JOINT OPPORTUNITY BY BRANCH
(FUNCTIONAL AREAS ALLOCATED TO BASIC BRANCHES)

Now, one of the problems that you have is you cannot get a joint assignment for every officer. You do not have enough slots to get your officers through, in the combat arms particularly. Here are the numbers. This is a population of the number of infantry officers, 2,000 infantry officers.

This is in the pool that have completed the Command General staff school. Already 2,000 have been set off to the side and been weeded out because they didn't get to Leavenworth.

You still have 2,000 that go to Leavenworth. Less than 500 of those officers are going to be able to get a joint assignment because the joint assignments are not there.

You see the same thing in armor, the same thing in field artillery and the same thing in the aviation branches.

Senator **Warner**. You are saying it is a mathematical equation that will not allow, even if you were to drive the system to make it work?

Mr. **Marsh**. The system is skewed in favor of other branches. For example——

Senator **Warner**. Other branches of the service? You are talking about——

Mr. **Marsh**. Military intelligence. You see right here military intelligence, the number of positions in joint assignments is very, very large, better than half.

You see the same thing in the signal corps and the same thing in quartermaster.

This is having the vacancies to get the officers in in order to get them down the road through the gates. If we look at 1,000 officers, there are only going to be about 60 of them that are going to become brigadier generals, but you have to drive them through certain gates.

Getting those joint assignments is becoming increasingly difficult to get them through the gate, and not being able to have them have the cumulative service, we can take different periods of service. Where an officer, in effect, can tack one tour of service onto another is very vital.

We think it is essential that you drop the joint service requirement for officers down to 2 years and, at the outside, 3 years for the officers below flag rank.

But I would say to you if you look at——

Senator **Warner**. All right, Mr. Secretary, you have a problem. We will take a look at it.

Mr. **Marsh**. Some of the regulations——

Senator **Warner**. If I could slip in another question here to the Acting Secretary of the Navy.

EARLY RETIREMENT OF AIRCRAFT CARRIERS

Have you had an opportunity this morning to express your views on the pros and cons of the early retirement of two aircraft carriers, the *Coral Sea* and the *Midway?* That is an issue that this committee will be addressing.

Mr. **Garrett**. I have not had an opportunity.

Senator **Warner**. Would you do so at this time?

Mr. **Garrett**. I certainly will.

Senator **Warner**. What is the condition of these ships? What would be the implications of early retirement?

Mr. **Garrett**. Well, they are quite old, as you know. The *Coral Sea,* I think, is about 41 years old at this point in time and is scheduled to retire in 1992.

The *Midway* is in her 40s and is scheduled to retire in 1997.

The *Coral Sea,* of course, just returned from a very successful deployment. She is scheduled to deploy again. The *Midway,* of course, has also recently deployed.

While older and not as habitable, if you will, as some of the newer and more modern ships, they are absolutely essential to the conduct of our operations. If we were to retire them early, in my opinion, it would have a very negative impact because other carriers would have to pick up the commitments.

Commitments have not changed, as you know. So I have supported and will continue to support keeping them on the retirement schedule that they have and would oppose vigorously the early retirement of either of these ships.

Senator WARNER. In your judgment, are they in such condition as to be operational for the period up to the schedule of retirements?

Mr. GARRETT. In my opinion they are, and I think they prove it every day, sir.

15-CARRIER BATTLE GROUPS

Senator WARNER. Have you also had an opportunity to address the need for the 15-carrier battle groups?

I think it is parallel to this issue.

Mr. GARRETT. I have not. I take the same position basically, Senator Warner. I have in the past and will today and will, unless commitments change dramatically in the future, continue to support the 15-carrier battle groups as the core of the Navy that we must build to the future.

I think that has been expressed rather eloquently by the Chairman of the Joint Chiefs of Staff most recently. With no change in commitments, the 15-carrier battle groups is the bare minimum to meet our peacetime commitments, much less any commitments that may flow from any kind of activity in a wartime scenario.

I think that figure remains classified, but the requirements of the Joint Chiefs is far and above 15.

ATA AND ATF PROGRAMS

Senator WARNER. Would the Secretaries of the Air Force and the Navy discuss the ATA program and the ATF program and the likelihood of cross-purchases between the two services?

Mr. ALDRIDGE. Yes, sir. I will start with that.

The programs are——

Senator WIRTH. Excuse me, Mr. Chairman. May I have some questions submitted for the record? I have now got to go.

Senator WARNER. I would be happy to yield to the Senator.

Senator EXON [presiding]. The Senator from Colorado has been here. He was the first one here this morning, and I passed over him. I know Senator Symms is waiting, also.

Could we return to this?

Senator WARNER. I will hold my question.

Senator EXON. Senator Wirth.

Senator WIRTH. Thank you, Mr. Chairman. Just a couple of specific questions for the record.

PINON CANYON

First, Secretary Marsh, if you could get back to us this week on exactly what the disposition of Pinon Canyon is going to be from your perspective.

Mr. MARSH. I can give you a status report, but I cannot give you a commitment.

Senator WIRTH. Could you tell us, then? That would be very helpful if you could do that.

[The information follows:]

As a result of the acquisition of land for the Pinon Canyon Maneuver Site in Colorado, the Army also acquired 16,707 acres of land as uneconomic remnants. The Army is considering the use of these lands for light infantry or other non-mechanized unit training. The cultural, historic, and natural resources on the lands are being evaluated for future management. The Army will be working with interested Members of Congress, other Federal agencies and those State of Colorado agencies which have an interest in the future management of the cultural, historic, and natural resources.

Senator WIRTH. Second, on the contracting-out issue, could you tell us about the contract at Fort Sill?

Mr. MARSH. The Fort Sill decision was announced yesterday, and that contract was awarded, Senator.

Senator WIRTH. Could you tell us what the implications of that are going to be for Fort Carson as well?

Mr. MARSH. Yes. I can give you a status report on Fort Carson, yes, sir.

[The information follows:]

There have been three Commercial Activity studies completed at Fort Carson, Colorado. The study of 33 civilian spaces in the Commissary Shelf Stocking function was completed in 1986. The study of 43 civilian spaces in the custodial services function was completed in 1984. The study of 12 civilian and two military spaces in the Administrative Telephone function was completed in 1984. All three functions were contracted to private industry.

There are four Commercial Activity studies in progress at Fort Carson. The study of 406 civilian and 48 military spaces in the Directorate of Logistics is scheduled to be completed in December 1988. The study of 204 civilian spaces in the Directorate of Engineering and Housing has been completed and is pending final action at this time. The United States Army Audit Agency, at the request of the General Accounting Office, has just completed a review of the cost comparison procedures used in that study. That report is being analyzed. Their observations and conclusions will be used in finalizing the study. The study of 44 civilian and six military spaces in the Nutritional Care function is scheduled to be completed in July 1989. The study of 57 civilian and three military spaces in the Directorate of Plans, Training and Mobilization is scheduled to be completed in November 1988.

Four military spaces in the Food Service function have been approved for direct conversion to contract. That contract is scheduled to start in May 1988.

INF VERIFICATION TRAINING

Senator WIRTH. Third, recently, I was in Germany and talked with a number of your commanders about the requirements that they have for training people at the Army Center at Garmisch for INF verification and various CSBMs.

Can you provide us with your projections of what the demand is going to be for officers who are trained to become involved in the verification process?

Mr. MARSH. Who would be trained at the Russian Institute at Garmisch, yes, I can do that and get it to you. That will be one of the major tasks. The training function is expected to be there, and I can give you that.

Senator WIRTH. Would you review where your budget has been and what your——

Mr. MARSH. And the increase in cost?

Senator WIRTH. What you are requesting, what you think future requirements are going to be. We want to be sure that you have the resources necessary to do this.

Mr. MARSH. That is a very good question, and I will get that for you, sir.

[The information follows:]

INF VERIFICATION TRAINING

The Foreign Language Training Center Europe (FLTCE) in Munich and the Russian Institute in Garmisch are currently training nine U.S. Army Europe (USAREUR) linguists to perform INF escort duties for USAREUR installations and to augment the DOD On-Site Inspection Agency (OSIA) as required. The impact on FLTCE to conduct this training was to cancel a previously scheduled class for 12 soldiers. OSIA has also requested FLTCE conduct additional training for 18 OSIA on-call linguists stationed in Europe. The impact of this request on FLTCE has not been determined, but OSIA will reimburse that organization for additional costs of the course. Both of these training requirements resulted from relatively short timelines for OSIA and USAREUR to be prepared to conduct INF-related duties. The Army has no plans for recurring INF-related training requirements for FLTCE.

Although OSIA is analyzing possible personnel, training, and funding requirements which could result from START, the Army currently has no cost estimates for requirements that could result from the treaty.

Senator WIRTH. That would be very helpful. If you would pay particular attention to that, we will make sure that that funding is in the budget.

Mr. MARSH. Yes. That is an outstanding institute there, and I am glad you raised that point.

MORALE, WELFARE AND RECREATION

Senator WIRTH. Another question related to morale, welfare, and recreation. I notice you did not mention that in your testimony, Secretary Marsh, but I know how important your troops think that part of the budget is.

In the All-Volunteer Force, some 53 percent of your soldiers are married. That puts great pressure on the schools and education and recreation areas.

The question is how are we going to handle it? The fear that I have is that as the budget goes down, as it is going to do, one of the first items that is going to take a hit is MWR. That is always what happens, it seems to me. That is the soft spot in the budget.

Mr. MARSH. There are funding problems in MWR, sir.

Senator WIRTH. There certainly are. I know that that is the case.

Last year we passed through in the Senate legislation called the Federal Energy Management Improvement Act. In that, we had language that would allow an agency that saved money in the area of energy to have that money come back to that agency.

Mr. MARSH. Doing their own budget.

Senator WIRTH. That got knocked out in the Senate, unhappily.

We are now attempting to have that language restored in the House, and Congressman Sharp, who is chairman of the Energy Subcommittee in the House, is very eager to do that.

It seems to me that this is an area that is absolutely made for you in the Army. If you could have legislation that would allow a base commander, who achieved energy savings, retain those energy savings at his base, and if we could maybe earmark those savings for MWR, you have a real win-win situation in terms of us being able to save energy and us being able to have every incentive in the world for the base commander and all the troops on that base to save energy knowing that the savings would come back effectively, not into their back pocket, but into the programs for their kids and families.

Mr. MARSH. That would apply to all the services, too.

Senator **Wirth**. It would apply to all the services, absolutely.

I am raising this point in hopes that perhaps you could contact that House subcommittee and encourage them on the House side. I know it is difficult to do, but this is just such a natural area for us to be pursuing. We save in terms of energy overall in the Federal Government budget, but if we could also get those savings targeted and earmarked, as we originally had on the Senate side, I think that it would be a very helpful step to take.

Mr. **Marsh**. We certainly will follow up on that, sir.

OFFICER EXCHANGE PROGRAM

Senator **Wirth**. Could you briefly sketch for us what changes in policy you may be encouraging in the Army in terms of exchanges between officers of the United States and officers of the Warsaw Pact?

Mr. **Marsh**. Senator, I am not in the position to do that because that would flow from Defense policy. I am not aware of a policy on that subject at this time, but we would certainly track the policies that Defense sets down for us in reference to that.

Senator **Wirth**. Do any of you have any thoughts on that, whether that is a good idea, or is that something that we ought to be encouraging?

Mr. **Aldridge**. I do not think there are any specific plans to do any of that right now.

I am aware that as part of the discussions that Secretary Carlucci and Minister of Defense Yazov are looking for improved ways of cooperation between the two countries, and that was one subject. I am not sure there are any officer exchanges, but there were some plans to discuss service-to-service activities along those lines.

The exchange of ideas could probably be a consideration.

Senator **Wirth**. Again, I asked this question of many of your commanders in Europe, at base after base, Army and Air Force and, in fact, Secretary Garrett, of some of the Navy people I met in Europe.

The response was uniformly positive. It was a uniform expression of a belief that this would be very helpful.

General Galvin spoke very eloquently of this and has done so in testimony.

General Otis spoke to the Navy about this, concerning the fact that they should know more about what their counterparts in the Warsaw Pact were doing, what they were thinking about us.

All of them felt very frustrated. One of our senior admirals said to me that he used to speak passably good Russian, and he has not been allowed to use it for 7 years. He thought that that was a waste of time.

Two senior Air Force officers said that they thought it would be very important to be able to meet and discuss various issues of air tactics in particular with their counterparts in the Warsaw Pact. They thought that this would be very helpful.

All of them expressed a belief that this should be done but that they were precluded from doing so by policy in the Department of Defense. I am sure that that is some kind of a policy coming out of the Office of the Secretary.

I would urge all three of you to talk to your commanders there who were champing at the bit to get along on this, not just at the senior level but in terms of staff exchanges as well. The more we know and the more they know, the better off both sides are going to be.

Now, I know this is controversial. Al Haig thinks you should not do this sort of thing, and you should just view the opposition as the opposition and that is all; but it seems to me that with the world changing as rapidly as it is that all of us have an obligation to attempt to change that policy and maybe that would accomplish some good.

Your people certainly want to do it. I think the military people in this are way ahead of the civilian leadership on that track.

Thank you very much, Mr. Chairman.

Senator **Exon**. Thank you very much.

Senator Symms, you have been extremely patient. An hour or so ago I was about to recognize you, and then things all changed.

But thank you for your patience.

Senator **Symms**. That is all right, Mr. Chairman. I have enjoyed the parts of the hearing that I have been able to sit in on this morning. I want to thank all of you for your testimony.

I just had the opportunity here in January to take a trip to the Philippines, Pakistan, the Persian Gulf, and to Europe. I would say to all three Secretaries that it appears to me that what you say here is correct, that we really have a very high level of personnel both in the officer and enlisted corps in all the services representing the United States around the world. I am very proud of that.

PILOT RETENTION PROBLEM

What concerned me was that in visiting with a lot of the commanders, there is the problem of retention of pilots, for example, in the Navy and the Air Force, flying time to keep the morale up, enough maintenance, and the ammunition supplies, all those things.

It has always been my opinion that the defense budget is driven by what the threat is, and it should not be driven by the budgetary constraints. It appears to me that this budget is a budget that has been arrived at based on the budget, not on the threat.

So it just appears from my consultation with field commanders that they feel we are starting to get back on the slippery slope that we were on in the late 1970s where you get in a never ending effort to play catch-up.

So I guess my question to all three of you is how are we going to protect the sea lanes, be able to get the troops to Europe, the Marines to Norway and other areas, and fight low intensity wars if it all happens in a relatively short period, if it did happen, with this kind of a defense budget? How are we going to accomplish this mission?

Mr. **Aldridge**. I will start, and I will say we can accomplish the mission but it is going to be at a much higher risk than it was before.

We all know this budget is too low to meet the threat, as you have pointed out. I think all of us will agree that this budget was driven by budget issues and not threat issues.

I think all of us feel that the force structures we have are too low, our rate of modernization is too low, but we have put together a budget for the compromise and what we all think is the best budget we could at those levels to try to protect as much as we can. But we know the risk is going to increase.

Mr. GARRETT. I would reiterate what Secretary Aldridge says. Clearly, we have increased the risk.

I would counterbalance that, of course. In my association with the U.S. Navy, which dates back to 1961, I do not think we have ever been in a better posture, possibly with the exception of the mid-1960s when we were engaged in conflict in Southeast Asia.

But the slippery slope looms. I made reference to that. Certainly, I was asked at one point if I had my druthers, what would I do. I said I would go back to the original budget that was submitted by the President in January of 1987. Clearly, that is not where we are. It was driven by the budget summit agreement.

That is why, in my opinion, we need to establish some stability in the defense budget process as opposed to this sawtooth sort of process that we go through every decade.

I think if we can do that, if we could hold to a minimum real growth from this point out, if you will, using 1989 as the baseline, that will assist us, notwithstanding the fact that we will be suffering an increased risk across the spectrum because, clearly, it will not be threat driven at that level.

But it will at least allow us to plan and implement the plans in an orderly way such that we do not move back and forth.

Senator SYMMS. Did you want to comment on that, Mr. Secretary?

Mr. MARSH. Senator, simply to add, you mentioned the budget is threat driven, and I think you would have to say, quite frankly, that Congress must bear a responsibility for this, too.

The reductions that occurred in the fiscal year 1988 budget occurred because of a significant decrease in our budget authority which was congressionally driven. There are hard choices that have to be made, and they are building. As you know, there are hard choices that have to be made here on the Hill on programs.

When I say "the Congress," I was referring collectively and not individually, because I know your deep commitment and this committee's commitment to our national defense.

The funding ultimately must come from the Congress of the United States. We put together a budget that is responsive to what the congressional mandate is. If this is budget driven, that is because we had inadequate funds to provide what we think would be in the best interest of the country for its national security.

Senator SYMMS. I thank you all for that. I would certainly encourage you to speak up on that issue in your public speeches so that the general public, which has to give the Congress support if they are going to come up with the proper funding——

But I see one problem coming in the very near future. If something is not done immediately in Central America, there is going to be a demand for American military commitment there and also a huge commitment of costs for refugee camps along the borders if nothing is done.

We have an incursion right now in Nicaragua. We have a Congress that refuses to fund the brave people that are fighting not only for their freedom but for our freedom and freedom for all mankind in that respect.

So I guess that the next alternative would be for the President to commit American troops for this if it will not work in this fashion.

In respect to these choices that we have to make, I would like to ask a few specific questions.

APACHE ATTACK HELICOPTER

Secretary Marsh, what is the Army's position today on the purchase of Apache attack helicopters and the development of the next generation or the LHX?

Mr. MARSH. It is absolutely essential that we come forward with a more modern aircraft that incorporates material construction, avionics, and weaponry, an aircraft that is responsive to our needs.

Most of our current aircraft are old. We have scaled back the LHX from roughly 4,100 aircraft to 2,100 in an aviation program funded roughly at $3.5 billion a year. If we can have that program, we think that we can bring LHX onstream along with our other aircraft.

Until we have the LHX, it is our plan to bridge the gap with the AHIP, with the Apache, and with the Black Hawk. As I recall, the Apache bill is out in 1994. I may be mistaken, and I would like to correct the record. We plan to bridge the gap up to the LHX with those other types of aircraft, sir.

Senator SYMMS. Thank you.

Mr. Chairman, I would like to ask one more question. I know my time is up.

Senator EXON. Go ahead, sir.

Senator SYMMS. Thank you.

Mr. Garrett, I think decisions that were made about 10 years ago have really modernized our Marine Corps so that it is much better equipped today by decisions, I think, that were by Generals Wilson, Barrow, and Kelly to rearm the marine in the field and all the support that went with it.

AV-8B AND V22 OSPREY

I think they have done a very good job, but there are still several gaps to be filled. What will the Navy's emphasis be on the AV-8B and the V22 Osprey?

Mr. GARRETT. We are looking very hard at both of those programs. It is certainly my intention to provide the Marine Corps that which we can provide them within the constraint of fiscal environment in which we operate.

I am very much committed, and I have not had an opportunity to discuss this particular program with Secretary Designate Ball, but I certainly intend to keep the V22 a viable program. Secretary Aldridge and I were talking about that this morning in regard to the Air Force commitment.

The AV-8B is an issue that we are massaging even as we speak as we go through the process of putting together our 5-year defense plan.

AMPHIBIOUS SHIPPING

Senator **SYMMS**. How about new amphibious shipping?

Mr. **GARRETT**. I have directed and am in the process, at least at this point in time, of ensuring that every consideration be given to keeping the amphibious shipping that is in our SCN line intact.

Senator **SYMMS**. Now, Secretaries Aldridge and Marsh, it would appear to me that the V22 Osprey, if it is effective for the Navy-Marine Corps team, that it should also be effective for the Air Force-Army tie-in on moving troops or at least the necessity.

Are there any plans for the Air Force to get some AV-8Bs for close air support aircraft, or is that not in the planning?

Mr. **ALDRIDGE**. That is not in the plan. We have a study effort out looking at close air support requirements, working with the Army and the Air Force together, looking at what the future close air support aircraft ought to be; but right now there are no plans for an AV-8B in that role.

On the CV-22 Osprey, we do have procurement plans in our budget to support the Special Operations Forces. That procurement will start in the early 1990s in our 5-year defense plan with a procurement of up to 55.

PILOT RETENTION

Senator **SYMMS**. If I could ask just one more question. You touched on it, and Secretary Marsh touched on it with the part of the problem of retention, I think it would be.

With respect to pilots, which are highly skilled and expensive to train, it concerns me that when the pilots reach a point when they really are at the maximum of their proficiency to fly high performance airplanes, they decide to go out into the airlines.

There are other factors in addition to pay that affect us, like how much they get to fly a month or the kind of opportunities they have for flying.

What are you recommending on that, and in these budget times what can we do to soften the loss of pilots both in the Navy, Marine Corps, and the Air Force?

Mr. **ALDRIDGE**. I will address that, and maybe Secretary Garrett can also talk about the Navy.

There is no one thing one can do to solve the problem. It is going to take a series of activities, and that is what we are doing.

Pay is one thing, making sure that we pay them for the skill levels they have, which are very, very high, to avoid this attention of looking on the outside.

If a pilot wants to stay in the Air Force for pay, we do not want him. What we want is a pilot who stays because he enjoys what he does and he is proficient at what he does.

But what we want to avoid is having him think,"I cannot afford to stay because of other pressures on my life, a lot of moving, and maybe I have a working spouse at this point, my kids are beginning college," at the time when the costs are so extremely high that he is forced to leave because of these other financial pressures, not because he wants to or not because he is not getting paid enough money. That is not the kind of pilot we want to retain.

What we want to do is to keep pilots who really want to stay, and we give them the opportunity and remove some of the burdens on them, like making sure they have a say-so in where they go, making sure their families are well taken care of in medical, making sure that he doesn't have to pay $2,000 out of his pocket every time he moves, those kinds of activities.

We are also improving our officer evaluation system to make sure we are giving him the proper evaluation of how well he is performing his job.

We are trying to remove a lot of the nonflying duties from the individual that is a burden on top of them.

We are trying to retain the flying hour program. We are not going to do it in 1988 because we took such a tremendous operation and maintenance cut in 1988, but our 1989 budget puts the flying hour program back to where it was in 1987, where we felt that the pilots were achieving the proper amount of flying time.

But in 1988, because of the congressional cuts in the Air Force alone of about $2 billion, we have had to go back in and cut from our programs of operation and maintenance. Civilian furloughs is one of them. The flying hours is another one we are going to have to reduce.

As a matter of fact, the Tactical Air Command is looking to shut down for 2 weeks at the end of this fiscal year, no flying at all. That is the wrong kind of message.

Senator SYMMS. Is there a place in the Air Force for a pilot, let us say, that gets up to the rank of major, and let us say he is the top gun of the F-16s or the F-15Es or something in the squadron, and all he wants to do is fly, and he does not care for anything else. Can he just stay in there and be a major and keep flying?

Mr. ALDRIDGE. No, he cannot.

Senator SYMMS. Or do you just force him out?

Mr. ALDRIDGE. No, we will not force him out. We will force him into a job where he can use the skills that he has learned to do other things, like going into some of these joint assignments where he can take that flying skill and bring it into the joint staff or some other joint command where he has that talent.

Senator SYMMS. Just the guy that wants to fly, though. He can wax everybody in the squadron. You just cannot do it, then? There is no place for him short of a wartime situation?

Mr. ALDRIDGE. Short of a wartime situation.

We have looked at that, and I think the Navy has a program like that. We in the Air Force have looked at it and find that he is kind of like the permanent flyer. He just stays there until he retires. We find that that is not in the interest of the Air Force to do it that way because we have——

Senator SYMMS. Because you have somebody else coming up who wants to take the position?

Mr. ALDRIDGE. Somebody else who wants to take the place.

We find it very interesting that when that major gets to the point where he starts being a lieutenant colonel, he says, "well, maybe I could be a colonel, maybe I do not want to fly after all.

Maybe I do want to go fly the desk for a while because I can use that skill."

But we are going to have to do a lot of things. Of course, you have heard about the leather flying jackets. That is not the solution. That is just a token that says, hey, we appreciate what these people do, and that is something we have to instill in all the flying forces. We appreciate what you do, and we are going to pay you for that skill which is so important to us.

CREW CHIEFS AND MAINTENANCE PEOPLE

Senator **Symms**. Are we doing well with crew chiefs, also, and maintenance people?

Mr. **Aldridge**. Crew chiefs and maintenance people are doing very well. In fact, navigators are doing quite well.

The problem is in the pilots of fixed wing aircraft. That is where the retention rates—we have gone from 78 percent retention in 1983 in what we call the 6 to 11 year category, which is the area where the skills are the highest, to 48 percent in 1987, and it looks like it may get down as low as 40 percent retention in 1988. That is too low.

We are not graduating as many pilots as we are losing, which means the skill levels are decreasing on us. That is just the wrong direction for us to move.

Senator **Exon**. Senator Symms, thank you very much.

Gentlemen, I have to leave. Before I leave, I want to recognize Senator Levin, who has some questions.

I just wanted to thank you on behalf of the committee for coming and giving excellent testimony this morning. There will be some additional questions by Senator Warner and others that we will submit to you and would appreciate your answering as promptly as possible for the record.

I just wanted to assure you that all members of the committee are interested in working very closely with you, the Secretaries, in furtherance of the difficult tasks that we recognize you are going through as the important Secretaries of our national security.

The members of the committee look forward to hearing from you at any time with a special problem.

Thank you for being here.

Senator Levin.

Senator **Levin** [presiding]. Thank you.

PROCUREMENT STRETCHOUTS

Secretary Marsh, you noted in your statement that there are some procurement stretchouts that were unavoidable in the Army's budget, and there would be attendant unit cost increases.

What are the major procurement programs that you are referring to that were stretched out below their minimum economic production rates?

Mr. **Marsh**. Senator, the ones that we looked for, air defense is going to be stretched out.

The LHX, as I just testified, will be reduced from roughly 4,100 to 2,100 which, in effect, represents a stretchout.

There are several others that I can give you for the record, sir.

Senator **Levin**. We would appreciate that if you would.

[The information follows:]

Procurement Stretchouts

Program stretchouts include the following programs:
TOW II Missiles.
AH-64.
AHIP.
MLRS Launchers.

ARMY AMMUNITION BUDGET

Senator **Levin**. I am not sure that you have covered this in your testimony, but the Army's ammo budget apparently has been reduced from both the 1988 appropriation and from the original 1989 budget plan.

Can you tell us about that? Has there been a 10-percent reduction?

Mr. **Marsh**. I cannot tell you the amount. There will still be some increase, but it will be significantly less.

I would say to you, Senator, that when you get into one of these decrement drills and begin to think in terms of out-year savings you want to look where you might invest that program where you see a more necessary or more needed gain.

Consequently, ammunition, which the CINCs are already emphasizing that the stocks are too low, is an area where we use it as a billpayer, sir. But there is an increase in ammunition.

Senator **Levin**. Are you sure of that in Army ammo? Maybe I am wrong in my facts. Could you give us the numbers from 1988 to 1989? Is that available there to you?

Mr. **Marsh**. In 1987, it was 2,080,000,000. In fiscal year 1988, it was 2,273,000,000. In 1989 we went back to the 1987 level of 2,007,000,000.

Senator **Levin**. There is a cut from 1988 to——

Mr. **Marsh**. There is a reduction, but we will still be increasing our stocks in war reserve and this type of thing but not at the same rate.

Senator **Levin**. I am just talking about ammo.

Is there a reduction in ammo from 2,273,000,000 to 2,007,000,000?

Mr. **Marsh**. As compared to the preceding year, there is about a $270 million reduction.

Senator **Levin**. So that is about a 10 percent reduction in Army ammo?

Mr. **Marsh**. Yes.

Senator **Levin**. We have a 20-percent increase in SDI, and we have a 10-percent reduction in Army ammo. That is not a question, it is a point. That troubles me, I have to tell you, when we see that kind of a priority.

That is, again, not in the form of a question, so I do not expect you to agree with me because I expect you to define the budget, as you should, as all of you should. So I am not going to go beyond making that point.

Let me just ask Secretary Garrett this question relative to sealift.

SEALIFT

Admiral Hays testified recently that we have about a 20-percent shortfall in unit equipment sealift today and that there is no funding planned to improve that figure.

By the way, let me tell you, I think just about all of our high-ranking military officers that I have talked to, not just Navy but Army, too, and probably some Air Force, but I know Army people I have talked to in Europe say sealift is their number one priority. You could say top Army priority, even though it is not in the budget.

I am wondering if you could tell me why that has the priority it apparently does?

For instance, we have a high priority on aircraft carriers, maintaining that at 14, but why does sealift continue to fall below our requirements?

Mr. GARRETT. I think, if I may, Senator, the planning that has been ongoing is a longstanding process over a number of years. There is no question but that we need to increase our sealift capability.

I have really not looked at that issue in the context of establishing the priorities, nor have I had an opportunity to talk to the Chief of Naval Operations.

But as I work through the 5-year defense plan I will see where we are and where we are going.

Senator LEVIN. My question is I would like you to perhaps comment for the record why is it more important that we have a 15-carrier fleet with insufficient sealift than having better sealift and a 14-carrier fleet.

That is the specific priority question that I would like you to address for the record, if you would.

Mr. GARRETT. I will address it for the record.

[The information follows:]

Our wartime force structure requirement of 800 ships centered around more than 20 carrier battlegroups has been established by the JCS and approved by the Secretary of Defense. A 600-ship, 15-carrier battlegroup Navy is a bare minimum force structure for wartime, and forces us to adopt a strategy of sequential operations in order to mass sufficient forces to prevail. It is also the force level endorsed by the President and the 97th, 98th, and 99th Congress for our peacetime commitments.

With respect to sealift, Navy is close to achieving its Defense Guidance goal in the near term. OJCS and OSD are leading a study to determine our future requirements. Decisions will then be made regarding the priorities for the application of future funding.

Senator LEVIN. Back to you, Secretary Marsh, on war reserves. We heard from General Crist, I believe, the following: that the low stockage of war reserve materiel for the Central Command's Army component continues to be the area of the most serious concern. Current anticipated reserves for sustainment would only achieve one-third of the Army requirement.

I am wondering whether you are familiar with that problem and whether you can give it a higher priority in your 5-year defense plan?

Mr. MARSH. Senator, all of us in the Army in leadership are cognizant of General Crist's concern. He and I have talked about it. He has made presentations at the DRB.

I would say to you that with CINCs generally, you will find that war stocks, war reserves, are one of their major concerns, not just in his area but also in Europe and in the Pacific.

It is an area that we are concerned about, but as I say, when you begin to balance out your total program and recognize that war reserve end items, major and secondary items, supplies, ammo costs a very large amount, when you stick that in warehouses, you do not see and gain the deterrence from that that we think you need.

He has a valid concern. It is one that we will certainly seek to address in the program ahead, sir.

Senator LEVIN. Secretary Aldridge, here is what General Crist said about some of the war stocks relative to the Air Force:

F–15 war reserve stocks will meet 84 percent of requirements in 1990 but will fall to 76 percent of requirements in 1991 because of this year's budget request.

For the F–16, the drop would be from 96 percent to 81 percent.

I am wondering about your reaction to that, what priority you are going to be able to give it, in the 5-year program.

Mr. ALDRIDGE. If it is that high, I would be very pleased, because I do not think we are meeting the same level of requirements on anything else.

We are not meeting the JCS requirements for TAC fighter wings. We are not meeting all the requirements we would like to have for the Special Operations Forces. We are well short on airlift. We are well short on the Army's requirement for close air support.

All across the board, we are short in what our requirements ought to be.

Senator LEVIN. Do you see that drop in those?

Mr. ALDRIDGE. Yes, sir, it is a drop because it is a $97 billion cut from what we thought we were going to have.

However, it is a drop from what?

Senator LEVIN. From 1990 to 1991.

Mr. ALDRIDGE. In terms of requirements, we have to go back and take a look at those requirements. Should we sustain the same level of sustainability that we thought we could have sustained from prior years? It is 70 percent of a certain number of days required.

Now, maybe we cannot afford those number of days required any longer. It makes absolutely no difference if you have 30 days or 60 days of supplies when you are sitting at the channel on day 15.

What is important is you have airplanes in the sky flying adequately for the 15 days or 2 weeks.

As Secretary Marsh points out, it is a deterrent factor which is also very important. We have to balance the two. If we add more money for stocks of war munitions or even spare parts, we have to take more of the money out of force structure.

There is a delicate balance between those two. We think we have drawn that balance by keeping as few force cuts as we can get by with, but we also have to take some cuts in sustainability as well.

Senator LEVIN. Thank you.

FORCE STRUCTURE CUTS

My last question is for Secretary Marsh. Each of the services has taken some cuts in force structure. My question has to do with what long-term savings there are in those cuts, particularly in the Army.

As I understand it, for instance, the Army cut some 450 helicopters from your operational fleet. The way you did it is by cutting the size of the company from 18 aircraft to 15 aircraft rather than reducing the number of squadrons or companies.

I am wondering if you could tell us if that is accurate?

Mr. MARSH. That is accurate. We cut size rather than squadrons or battalions because we sought to retain the force structure there.

Senator LEVIN. But if you just reduced the numbers in each company rather than reducing the number of companies, you are not doing anything about overhead. You are not cutting any overhead, because the number of units stays the same.

Mr. MARSH. By reducing the number of aircraft, you would also be reducing the number of pilots in all that you would have. I think the personnel reduction in the Army aviation is around 2,200 people if I am not mistaken. I would like to furnish that for the record.

[The information follows:]

The Army is completing the revision of the Army Aviation Modernization Plan (AAMP) which was requested by Congress. The cornerstone of this revision is affordability. The Army recognizes the need to reduce the aircraft inventory to an affordable level. The reduction of 450 airframes in FY88 represents implementation of the initial phase of the AAMP. This phase is primarily oriented towards the Table of Distribution & Allowances (TDA) portion of the Army as opposed to warfighting elements. The AAMP lays out an aggressive plan to further downsize the aviation fleet based on a commitment to modernization through FY94. The proposed reduction in number of airframes within a unit represents an early transition to their modernized objective design based on this commitment to procurement and fielding of modernized equipment (AH-64, UH-60, LHX, etc.). Associated with the implementation of the initial phase of the AAMP was a reduction of 2,200 personnel spaces from the active component. With the subsequent downsizing, the Army intends to retain the personnel assets to fix previously documented deficiencies in terms of crew manning and maintainers in aviation units.

Senator LEVIN. The overhead for each unit remains fairly fixed if you do not reduce the number of units. I am not talking about personnel numbers or costs in there but the overhead for each.

Let me ask you this question. Why is it you reduce the number in each unit rather than reducing the number of units?

Mr. MARSH. Because we would hope eventually to be able to plus those units back up with the requisite number of aircraft that we think they need.

Senator LEVIN. Gentlemen, we thank you all.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

JOINT SERVICE USE OF V-22

Senator GLENN. As you know, I am a strong supporter of the tiltrotor concept, not only for its potential as a military combat aircraft, but for its potential applications in civil aviation. I believe that the tiltrotor aircraft may change the way we fight on the battlefield in much the same way that the introduction of the helicopter and the tactics of vertical envelopment changed employment of troops over 25 years ago.

This committee has also supported the development of the V-22 and we are looking forward to the roll-out of the first aircraft and the first flight later this year. From the budget submission for fiscal year 1989, however, it looks like joint service support for the airplane is beginning to wane.

I understand the Army has decided not to participate in the development program and the Navy has delayed the start of the ASW variant.

I would like to hear from each of you the status of the V-22 program in your service.

ARMY

Secretary **Marsh**. The Army did not fund the V-22 program in the fiscal year 1990-94 POM because of affordability. Given these funding constraints, the Army continues to monitor the Navy's V-22 program.

AIR FORCE

Secretary **Aldridge**. The Air Force is actively involved, both with the Navy in development of the baseline V-22, and in the integration of Special Operations Forces (SOF) equipment into our CV-22. We have program management, logistics, and engineering personnel in the Navy's joint program office in Washington DC, as well as in the Air Force SOF program office at Wright-Patterson AFB, OH. Pilots and engineers are in place at Patuxent River NAS, MD for start of V-22 flight testing this summer. In addition, we have people at both Bell and Boeing responsible for looking after Air Force logistics concerns.

The SOF unique systems contract with Bell-Boeing will be signed early this summer so that integration and testing can be completed in FY 1992 in conjunction with the Navy's testing. A production decision will then be made, leading to initial operational capability of six aircraft in FY 1994. All 55 CV-22s should be delivered by the end of FY 1997.

To date, our coordination with the Navy is excellent. I am confident this joint service program will be a success and agree with you that tilt-rotor technology will change the complexion of the future.

NAVY

Secretary **Garrett**. The Department of the Navy (DON) has always been supportive of capabilities of what VSTOL technology can bring to the naval service. As a joint service program, the Navy accepted the executive service lead for development and execution of the V-22. It is responsible to the other participating services to ensure that the aircraft will meet their operational requirements specified in the joint service requirement, and that the aircraft procurement plan provides an affordable means to acquire those assets necessary to accomplish their respective missions.

The status of the V-22 program for the DOM is that it is fully supportive of the Marine Corps' requirement for 552 combat assault aircraft (MV-22) and the Navy's need for 50 combat Search and Rescue aircraft (HV-22).

The Center for Naval Analyses (CNA) has completed the initial study on the V-22 ASW Variant for the Navy supporting the preparation for the Milestone Review and recommends postponing a decision to develop the SV-22. The full report is currently being evaluated based upon its limited evaluation. Because this program is under review and remains in concept formulation, no RDT&E funding was deemed appropriate in the fiscal year 1989 budget report.

MILITARY RISKS ASSOCIATED WITH DECLINING BUDGETS

Senator **Glenn**. As you are all very much aware, we are now facing the fourth year of negative growth in the defense budget. Both Secretary Carlucci and Chairman Crowe have already testified before this committee of their concern over the increased military risks resulting from this trend.

I would be very much interested in your comments on how you evaluate the increased risks for your individual service in fiscal year 1989—and the implications of the next five years.

As a result of reduced defense funding, the fiscal year 1989 amended budget contains recommendations for service structure changes, program termination, program deferrals, and delays in starting new programs.

Do you agree with the recommended program action in the fiscal year 1989 budget?

Did you participate in the decision to take these actions?

Would you recommend that this committee make any changes to the proposed actions?

Secretary **Marsh**. Within the current fiscal constraints the Army's amended fiscal year 1989 budget request represents an optimum solution. Essential force readiness is maintained, sustainability is protected, and force structure impacts are minimized. The trade-off for this was to slow the pace of modernization. Programs that contributed least to warfighting were eliminated and where absolutely necessary procurement will be stretched. I was involved at every decision point in the formulation of this amended request. I have no recommended changes.

M1 TANK PROGRAM

Senator **Glenn**. Secretary Marsh, I see that the Army is only requesting 545 M1 tanks for fiscal year 1989. I am also told that fiscal year 1989 is the last year of the M1 multiyear procurement program.

I understand that the M1 inventory objective is approximately 7,000 tanks with the remainder of the approximately 18,000 tank inventory made up of the less capable M60 and M48 tanks.

Given the critical importance of the M1A1 tank, with its 120mm gun and new armor, to the combat capability of ground forces in Europe, does the Army have any plans to procure additional M1 tanks in the next 5-year plan?

Secretary **Marsh**. Yes. The Army supports additional tank procurement given adequate funding and which is not at the expense of other Army programs. Also, any additional tank procurement must be within the overall context of modernizing the entire heavy force.

Senator **Glenn**. As you know, the administration has proposed a sale of M1 tanks to Egypt. Do you have any reservations about this proposal, especially the possible compromise of M1 technology?

Secretary **Marsh**. No sir. [Deleted.]

SMALL ICBM DEVELOPMENT FUNDS

Senator **Glenn**. Regarding the $200M requested for Small ICBM development, I would like to know if that is enough money to keep the development infrastructure inplace and the program moving forward so that the next administration will in fact have a viable program. Also, would you provide for the record various program alternatives if additional money was provided.

Secretary **Aldridge**. Our current plan is to combine the fiscal year 1988 funds not yet spent with the fiscal year 1989 funding ($200M) for the following efforts which we believe will provide a basis for the next administration to make a decision on the program: (1) Continue flight test planning and missile processing. Missile launches will occur when missiles are ready. Continue to develop missile components; (i.e., stage III, post-boost vehicle/shroud), and guidance and control integration. (2) Retain common launch control console development to support the Minuteman and Peacekeeper weapon systems. (3) Descope the basing effort (Hard Mobile Launcher and Weapon Control System) but maintain open contracts. (4) Complete delivery of the flight hardware and spares through flight test missile (FTM) number 2, then terminate missile subcontractors/vendors at a logical point.

On April 1, 1988, we plan to issue guidance to HQ AFSC to implement the restructured program. At that time the Ballistic Missile Office (BMO) will selectively delete statement of work tasks for the seven major FSD contractors. BMO will be negotiating with the contractors over the next three months to finalize the scope of each contract in the context of the restructured program.

The critical element in the restructured program is the first tier subcontractors/vendors; they are key to restarting the program in the event the next administration decides to do so. We have developed a program that will permit us to develop hardware/software necessary to flight test the missile and then terminate the missile subcontractors/vendors at a logical point in the program, when they have completed their respective efforts to support the flight tests.

In the event that additional funding is provided for the program above the request, we could pursue a few options at which we have taken a cursory look. These options should be included in the GAO's report to Senator Warner:

a. $500M (fiscal year 1989): Continues current pace for missile development only with quarterly test launches starting in fiscal year 1989.

b. $600M (fiscal year 1989): Continues current pace for missile development and limited basing development due to the need to requalify selected subcontractors and suppliers. This option preserves contractor and most of the "schedule critical" subcontractor personnel base.

c. $900 million (fiscal year 1989): Full restart for missile portion of program. With continued full funding, would provide a flight qualified missile in early fiscal year 1992.

d. $1.28 billion (fiscal year 1989): Full FSD restart, missile and basing program.

AF/DOD AGREEMENT ON FISCAL YEAR 1989 BUDGET

Senator **Glenn**. Do you agree with the recommended program action in the fiscal year 1989 budget?

Secretary **Aldridge**. Given the constrains of the budget summit agreement, I believe the Amended fiscal year 1988/89 budget offers the best combination of capabilities to provide deterrence across mission areas. Unfortunately, this reduced request will lessen our ability to meet long term defense goals and results in increased risk.

FISCAL YEAR 1989 BUDGET DECISIONS

Senator **Glenn**. Did you participate in the decision to take these actions?

Secretary **Aldridge**. Yes. It was, of course, a painful process to take $10B from the fiscal year 1989 column of our original fiscal year 1988/89 budget submission, but I was a full participant in the decision making process.

Senator **Glenn**. Would you recommend that this committee make any changes to the proposed actions?

Secretary **Aldridge**. No. Our budget submission represents the best way I know to get the most deterrence within the constraints of the current fiscal environment.

AFLC FURLOUGHS

Senator **Glenn**. Do you think that additional funds can be found to further reduce the impact in fiscal year 1988 and what is the possibility of additional furloughs in fiscal year 1989?

Secretary **Aldridge**. The Department, as in previous years, is continually reviewing funding allocations during program execution. The $19M recently released to Air Force Logistics Command was a result of this ongoing review. We will continue to review our programs in an attempt to allocate additional funds to minimize the impact on our people. I am hopeful this will prove successful.

The fiscal year 1989 Amended President's budget recently submitted to Congress funds civilian pay at a level to preclude a civilian furlough.

ASD 2000

Senator **Glenn**. Secretary Aldridge, I recently received a comprehensive briefing on the Air Force Systems Command, Aeronautical Systems Division's (ASD) plan to modernize their acquisition management facilities at Wright-Patterson Air Force Base.

As you know, ASD manages the acquisition of over 170 ongoing major Air Force aeronautical programs including high technology weapons systems, many highly classified. Unfortunately, the management facilities are in desperate need of modernization. Several of ASD's weapons system program development offices are housed in buildings present when Orville Wright dedicated Wright Field in 1927.

In recognition of the difficulty in obtaining approval for large sums of military construction money for capital investment, ASD has proposed an innovative third party financing plan. I understand you have reviewed and approved proceeding with this financing plan. I strongly support the ASD plan and would appreciate your briefly describing for the committee how the plan will work. It may be that the plan will be applicable to other Air Force projects as well as other service MILCON requirements.

Secretary **Aldridge**. The Air Force supports Aeronautical Systems Division's (ASD) need to provide secure and modern management facilities at Wright-Patterson Air Force Base. The ASD 2000 proposal is a candidate project within the Air Force for major administrative facilities, with the basic authority for the proposal contained in Section 2809 of Title 10 of the United States Code.

The third party financing plan calls for the Air Force to conduct an open competition (restricted to United States' firms because of security requirements) to select a developer. The competition would be based on such factors as compliance with security directives, total life-cycle cost to the government, productivity improvement benefits, and other relevant factors. The Air Force would outlease a portion of Wright-Patterson Air Force Base to the selected developer, who would construct a facility and lease it to the Air Force for 32 years. Section 2809 currently stipulates the maximum lease period to be 20 years. This provision would require amendment to permit the 32-year lease period. Lease and maintenance costs would be borne by tenants who occupy the new facility, and funds for annual lease payments would be programmed beginning in fiscal year 1993. This approach is consistent with funding policy for programs which occupy facilities not located on Government property.

SMALL ICBM COST ANALYSIS

Senator **Glenn**. Secretary Aldridge, I was glad to see that the budget submission includes at least some funding for the Small ICBM Program. In Secretary Carlucci's posture statement before this committee he indicated that he believes the Small ICBM is not cost effective; that the Peacekeeper Rail Garrison concept is "* * * far more cost effective than Midgetman * * *"

I would like to know if you agree with that statement and how did the Air Force conduct the cost analysis. Was the analysis of cost effectiveness based on the cost to build and deploy a warhead, or on the estimated cost to build and deploy a survivable warhead?

Secretary **Aldridge**. The cost effectiveness I've referred to relates to the overall differences in the program for the required 500 warheads. We believe the Peacekeeper system, 500 warheads on 50 missiles at an additive cost of $10.4B significantly adds to our deterrent capability. Small ICBM does this also, however, at a total cost of $36.4B. We believe the way to go is with rail garrison basing.

MILITARY RISK WITH DECLINING DEFENSE BUDGETS

Senator **Glenn**. As you are all very much aware, we are now facing the fourth year of negative growth in the defense budget. Both Secretary Carlucci and Chairman Crowe have already testified before this committee of their concern over the increased military risks resulting from this trend.

I would be very much interested in your comments on how you evaluate the increased risks for your individual service in fiscal year 1989 and the implications for the next 5 years.

Mr. **Garrett**. In the fiscal year 1989 amended budget submission, we have striven to maintain, within an acceptable level of risk, our ability to respond to international demands. We have protected readiness accounts, (O&M and Military Personnel) and taken relatively larger reductions in the procurement accounts. Funding for OPTEMPO and flying hours were not further reduced below the FY 1988 level. Selected maintenance programs have been reduced only when and where those reductions would not inordinately impact on the forward operations of naval forces. In the opinion of the unified commanders, the Navy can discharge its peacetime national and allied security responsibilities today. There is an acknowledged risk, however, as Mr. Taft has stated, that at the planned FY 1989 level, we will not be able to deter conflicts or prosecute a major one successfully. With regard to implications for the next five years, evaluation is underway and it would be premature to comment at this time.

FISCAL YEAR 1989 PROGRAM CHANGES

Senator **Glenn**. As a result of reduced defense funding, the fiscal year 1989 amended budget contains recommendations for service structure changes, program terminations, program deferrals, and delays in starting new programs.

Do you agree with the recommended program action in the FY 1989 budget?

Mr. **Garrett**. We agree with the original fiscal year 1989 President's budget submitted last year. The fiscal year 1989 amended budget submission, however, reflects a substantial reduction as a result of the Budget Summit Agreement.

PARTICIPATION IN DECISION MAKING

Senator **Glenn**. As a result of reduced defense funding, the fiscal year 1989 amended budget contains recommendations for service structure changes, program terminations, program deferrals, and delays in starting new programs.

Did you participate in the decision to take these actions?

Mr. **Garrett**. Yes.

ADDITIONAL CHANGES BY THE COMMITTEE

Senator **Glenn**. As a result of reduced defense funding, the fiscal year 1989 amended budget contains recommendations for service structure changes, program terminations, program deferrals, and delays in starting new programs.

Would you recommend that this committee make any changes to the proposed actions?

Mr. **Garrett**. Our submission is a carefully balanced and executable budget designed to minimize risk within the constraints of the Budget Summit Agreement. Consequently, we would not recommend any changes to the committee.

Questions Submitted by Senator Richard C. Shelby

M60A3 MODIFICATION PROGRAM

Senator **Shelby**. In the continuing resolution which made appropriations for fiscal year 1988, Congress increased appropriated funds to $90 million in the Army M60A3 modification program to modernize the Army National Guard tanks.

What does the Army intend to do with this money and when does it intend to release it?

Mr. **Marsh**. The Army intended to use these funds to modernize the M60A3 tank fleet in accordance with the existing tank modernization plan. However, the Army now intends to request reprograming to support their higher priority programs.

These funds have not yet received congressional authorization and will be released when that occurs.

TANK STRATEGY—ARMY NATIONAL GUARD

Senator **Shelby**. I have read that the Army is developing a strategy to put M1s in the Guard. Is this true? How much will this venture cost? Do you believe there will be congressional and DOD support for this expenditure?

Secretary **Marsh**. Yes. The Army's current strategy puts M1s in Reserve Component units which roundout active units equipped with the Abrams. As the Army continues to buy M1A1s, additional Reserve Component units will be equipped with the Abrams. The cost of this program is about $2.4 billion a year. I am confident the Congress and OSD will support the Army's needs to modernize the total heavy force.

M60A3 UPGRADES

Senator **Shelby**. What is wrong with building and testing upgraded M60A3 prototypes to what has been commonly referred to as the M60A4?

Secretary **Marsh**. The M60A4 is not as capable as the Abrams. I see no point in spending money on a vehicle that is not as lethal, survivable, and agile as the tank the Army is currently producing.

Senator **Shelby**. Even if sufficient funds were made available to fully support the M1/M1A1 in the Guard, couldn't this type of upgrade for the M60A3 serve to enhance the combat effectiveness of the M60A3 war reserve force?

Secretary **Marsh**. No. With continued production of the Abrams, M60A3s would eventually be retired from prepositioned war reserves as well. Any funds for tanks would be better spent on buying the best tank available and getting the M60A3 out of the inventory faster.

Questions Submitted by Senator John W. Warner

GOLDWATER-NICHOLS/PACKARD REORGANIZATION

Senator **Warner**. Secretary Marsh, you discussed in your statement the Army's reorganization under the Goldwater-Nichols Reorganization Act and the Packard Commission. Most of what you said is very positive. Have you noted any negative aspects of the reorganization? Are there aspects which we should reexamine?

Secretary **Marsh**. As is the case with any reorganization, there is a certain amount of culture shock associated with it simply because it represents something different. This was made even more traumatic by the concurrent and very significant realignment of the total acquisition community. As to the negative aspects and what should be reexamined, there are two. First, the Goldwater-Nichols DOD Reorganization Act limited Army to a Departmental Headquarters of no more than 3,105 personnel, representing a reduction of several hundred people. We are now at the point where additional requirements on the Headquarters can only be accommodated at the expense of existing missions. Thus, we need to reexamine the ceiling issue in terms of how to deal with additional requirements without violating the law.

Second, the matter of the management of the joint officer specialty (Title IV) needs some relief and we have recommended ways to deal with this legislatively.

PILOT RETENTION

Senator **Warner**. There has been a considerable amount written on pilot retention. Most of the complaints stem from salary parity with civilian pilots and not funding sufficient flight hour programs for operational pilots. Recent testimony from the CINCs indicated that Navy pilots will lose two hours per month this year and Air Force pilots will lose one sortie per month this year. In your opinion, which is more important in retaining pilots—a robust flight hour program or an aviation bonus program?

Secretary **Aldridge**. A robust flying hour program is important to combat readiness and retention of aircrews. The flying hour program funded in the early 1980s enhanced unit readiness and was a key factor to reversing the adverse retention in the late 1970s. Unfortunately, current budget constraints are forcing the Air Force to make reductions to flying hour programs. While these reductions will impact the quality of training in the flying units, we do not expect the cuts to be of magnitude to compound our retention problems because they are short term and are restored in the fiscal year 1989 request. However, if further reductions are required, they would have devastating effects on both retention and combat readiness.

The Aviator Continuation Pay (ACP) program is designed to influence pilots in the retention critical years, 7 through the 14th year of service. The modest cost of this program could not fund a major increase to our flying hour programs. Even at the maximum level of $12,000/year, the ACP payments would fund less than 30 minutes of flying time per pilot per month.

When viewed in this perspective, we feel a $1,000/month pay increase will have the higher retention impact. As such, ACP is a cost effective method to provide the retention sensitive year group pilots the additional monetary incentive to continue a career in military aviation.

ATA/ATF

Senator **Warner**. Secretary Aldridge, this year's budget request includes funding for Air Force development of the Navy's ATA. Is it your intention to procure these aircraft in the future?

Secretary **Aldridge**. Yes, we fully intend to procure an Air Force variant of the ATA. Planning is underway to define requirements, and schedules as well as to secure funding for development and production.

Senator **Warner**. Secretary Garrett, does the Navy plan to buy the Air Force ATF as a follow-on to the F-14?

Secretary **Garrett**. The ATF (Navy version) is a possible follow-on to the F-14. Jointly with the USAF, the Navy has entered the demonstration/validation phase which will provide data for future use of NATF.

Questions Submitted by Senator John McCain

PROGRAM COMPARISONS

Senator **McCain**. Secretary Marsh, could you look back and provide a statement for the record of how your current fiscal year 1989 program compares with the one projected in the fiscal year 1984–89 FYDP, and of the major cuts you had to make in your program as a result of the cuts in defense spending?

Secretary **Marsh**. The fiscal year 1989 portion of the amended fiscal year 1988/89 biennial budget currently before you differs drastically from the program originally projected in the fiscal year 1984–89 5-Year Defense Plan. At first glance, it appears to be $32 billion less than anticipated. However, the Army has been given responsibilities not programmed for in that FYDP. Programs such as CHAMPUS, Retired Pay Accrual, Environmental Restoration, FCFA, and civilian and military pay raises did not have to accommodated. When these new requirements are accounted for, the Army has $41 billion less in its fiscal year 1989 program today than it had in 1983.

No organization can absorb a cut of that magnitude without drastic measures. We have sustained an 8,600 cut to our Active Army end strength; cut 36,569 civilians and members of the Reserve Component; scaled back our family, training, and education programs, which are so important to the quality of life of our soldiers and their families. We have also slowed BMAR, allowed our depot maintenance to grow, and deferred opening additional Primus medical clinics.

While we have not abandoned our commitment to force modernization, we have been forced to terminate or defer many programs critical to the Army of the future: Aquila RPV, 120 mortar, and the Copperhead I have been terminated; while the LHX, AFV, AAWS-H and FAAD C2 have been deferred.

FISCAL YEAR 1989-94 FYDP CUTS

Senator McCain. I realize that you may not have finished your revision of the fiscal year 1989-94 FYDP, but could you provide a statement for the record of the major cuts you will have to make in manpower, procurement, O&M, readiness, and sustainability, and summarize the potential impact on mission and warfighting capability?

Secretary Marsh. As we near completion of the development of a new Army Five-Year Program proposal, it is clear that severe reductions have been necessary to comply with growing resource constraints. Operations and Maintenance appropriations, which had been protected in past program reductions have now been subjected to cuts. All major commands were required to decrement their prior five-year program as they developed fiscal year 1990-94 plans. All new starts in fiscal year 1990-91 were either delayed or terminated. Program kills, early terminations, and reductions in funding for BASOPS and construction accounts were deemed necessary. Growth in Reserve component strength levels has been dramatically slowed. Planned civilian strength levels have been reduced. Fiscal constraints have produced an Army 5-Year Program which has $88 billion less than earlier plans provided.

MISSION CAPABILITY

Senator McCain. Could you provide a statement of the major risks this budget imposes in terms of your ability to carry out key missions?

Secretary Marsh. Senator, all of the global missions for Army forces can still be carried out in the face of the reduced budget, however, there is increased risk associated with the materiel and personnel cuts the Army has had to sustain. The Army's ability to provide forces to regional CINCs capable of defeating a Warsaw Pact attack against NATO, or defeating Soviet aggression in the Pacific or Southwest Asia, and capable of supporting regional allies and friends in Asia, Latin America, and Africa, is somewhat diminished by the forced reduction in materiel maintenance, sustainability, and personnel.

Our budget can now fund only 71 percent of required depot maintenance for major end items of equipment. This maintenance shortfall Army-wide will reduce the combat readiness of both forward-deployed and CONUS-based units.

The risk of reduced materiel readiness is compounded by a reduced growth in our ability to sustain operations beyond several weeks in some instances. This contributes to a reliance on nuclear weapons to fulfill strategic objectives—a reliance fraught with risk.

This budget further delays the growth of Guard and Reserve positions which are necessary to promote unit readiness and effective mobilization capabilities.

Lastly, the elimination of an active brigade and two light infantry battalions from an Army already too small for the risk associated with the many missions it's been given, further increases the risk of failure our Army and strategy of deterrence must bear.

FORCE STRUCTURE CUTS

Senator McCain. What risks, if any, does this budget and the fiscal year 1989-94 FYDP impose in terms of cuts in our future force structure?

Secretary Marsh. This budget has caused us to reduce the active component of the Army by one, three battalion brigade and two additional battalions from other brigades—a total of five combat battalions. Such a reduction increases the risk faced by the United States, and our allies, as we reduce the forces available for employment and increase the time required for full mobilization. Notwithstanding the increased dependence upon conventional forces dictated by such actions as the INF Treaty, we recognize the need to balance conventional force deterrent capability with fiscal year realities. The risk generated by this reduction will continue through the fiscal year 1989-94 FYDP years. We foresee no further force reductions unless there are changes in the amount of defense appropriations. A reduction in these appropriations will require the Army to reevaluate current programs in order to mitigate against the impact of such reductions; force structure reductions, and the increased risk they engender, remain an alternative.

FORCE STRUCTURE-MISSION CAPABILITY-BUDGET ISSUES

Senator McCAIN. How important is the rise in real defense spending called for in the FYDP to avoid further reductions in force structure or serious reductions in mission capability.

Secretary MARSH. The current growth levels called for in the FYDP will continue only essential improvements in readiness, provide for limited improvements in force sustainability, continue modernization, though at a reduced level, and support a flexible and responsible force structure. The fragile balance the Army has achieved in these areas during this period of declining resources is a result of many adjustments and some tough decisions. As a result of such actions as the INF Treaty, conventional forces have increased importance for deterrence. Reduced defense spending, which could possibly result in reduced force structure, would further increase risk to our national security.

BUDGET PRIORITIZATION

Senator McCAIN. Could you provide a statement for the record of the major tradeoffs you have had to make to preserve your readiness in fiscal year 1989 and of the problems this will impose in terms of procurement, sustainability, and O&M backlogs?

Secretary MARSH. We protected the most essential components of readiness force quality and unit training. Overall requirements among the pillars of defense and across time still required us to underfund other components of readiness such as individual training, maintenance of materiel and facilities, base operations—primarily civilian workyears—and construction projects.

Other tradeoffs included a slowdown in our planned build-up of munitions, war reserve, and POMCUS stocks and an increase in our backlog of facilities maintenance and repair. We also killed or reduced several modernization programs with least warfighting value. Our research and development program is not as robust as it needs to be to protect our technological advantage.

The problem created by these tradeoffs is that fewer resources buy considerably less defense and create far greater risk, now and in the future. The seriousness of that problem depends on how long resources are constrained without real growth. Our ability to deter the threat and to fight and win if deterrence fails, is perishable and will erode quickly if not adequately resourced.

MAJOR SHORTFALLS

Senator McCAIN. Could you provide a statement for the record showing what you would have to spend in fiscal year 1989, and during fiscal years 1989–94, to be able to fully perform your mission and to correct the major shortfalls you now have to accept as a result of current budget cuts?

Secretary MARSH. Correction of the most immediate fiscal year 1989 shortfalls, needed to avoid increased risk, will require about $2 billion, which will be used primarily to restore decremented programs. However, programs which reduce risk in the post-INF environment by improving conventional land forces and fully funding the needs identified by the CINCs will require more in fiscal year 1989 and in the out years.

Our fiscal years 1990–94 program guidance is far less in real terms than the guidance that produced the fiscal years 1988–89 budget. The program which we developed with that guidance continues to protect essential readiness but at the expense of continuing to underfund materiel and facility maintenance (backlogs continue to grow), construction, sustainability, and modernization. Restoral of $2 billion to the fiscal year 1989 amended budget and annual real growth from that base on the order of 3 percent would help correct the most essential shortfalls and help keep pace with the threat.

NET ASSESSMENT

Senator McCAIN. Could you provide a statement for the record of how our defense program compares to those of threat forces, and of the trend you currently project in relative capability?

Secretary MARSH. Of course, I can address only the Army portion of our defense program, and compare it to the threat which the Army would face in land combat. I will concentrate on the European NATO theater, our first out-of-homeland priority which continues to be the area of highest risk. The overall military balance has tended to shift to the advantage of the U.S.S.R. and its Warsaw Pact allies in the past 20 years. In Europe today, the balance in tanks and artillery—the raw material for offensive ground operations of the type exemplified in the Soviet theater strategic offensive—is unfavorable and deteriorating.

Defense production is one of the principal sources of this quantitative imbalance. The Warsaw Pact produces [deleted] and modernizes [deleted] each year. The military net assessment conducted last Spring pointed out that the Warsaw Pact enjoys nearly a 3:1 advantage over NATO in tanks, more than a 3:1 advantage in artillery, and nearly a 2:1 advantage in division equivalents, assuming full reinforcement in both alliances. Even as the Soviet leadership professes the need for economic restructuring and a new military doctrine of "reasonable sufficiency," the Soviet defense spending and equipment production trends we see suggest that they are committed to maintaining these quantitative advantages.

In the past, one U.S. approach to countering Warsaw Pact numerical superiority has been to field qualitatively superior forces of our own, concentrating resources to produce technologically superior equipment. Recent studies indicate, however, that the U.S.S.R. has improved the quality of its ground systems and that they are matching us in many qualitative aspects. As we and our NATO allies place a greater reliance on conventional forces for deterrence and defense, it is clear we must ensure that our best fielded capability convincingly overmatches the threat, now and in the future.

The Army's investment strategy is to continue modernization of equipment and systems for the interrelated close, deep, and rear operations; and to continue to invest in research and development to exploit high-leverage advanced technologies. In close operations, we must ensure that our tactical forces are capable of achieving a clear tactical advantage. In deep operations, we are developing and fielding the capability to enable our forces to attack at depth those enemy forces and means that are critical to their success. Together, these capabilities will successfully deny the Warsaw Pact the capability to achieve its theater strategic objectives.

Overall, most indicators of the balance favor the threat, but not enough to give current Soviet leaders high confidence in their ability to succeed in a theater strategic offensive. The Army's portion of the defense program, by improving our capability to defend against a Warsaw Pact attack, is designed to enhance the warfighting and deterrent value of our conventional forces.

FISCAL YEAR 1989 PROGRAM COMPARISON TO FISCAL YEAR 1984–89 FYDP

Senator McCAIN. Could you look back and provide a statement for the record of how your current fiscal year 1989 program compares with the one projected in the fiscal year 1984-fiscal year 1989 FYDP, and of the major cuts you have had to make in your program as a result of the cuts in defense spending?

Secretary ALDRIDGE. The FYDP in fiscal year 1984 spanned the 5 years from fiscal year 1984 to fiscal year 1988; in fiscal year 1985, detail for fiscal year 1989 was added. As projected in fiscal year 1985, fiscal year 1989 totaled $136.4B compared to $97.5B—in the 1989 amended President's budget currently before the Congress—or a $38.9B reduction. Approximately 68 percent of this reduction was from the procurement appropriations. By mission area, the major reductions were in tactical air warfare ($17.0B or 44 percent), strategic ($10.5B or 27 percent), and centrally managed support ($6.3B or 16 percent). Example procurement reductions include the following:

[In billions of dollars/quantity]

Weapon system	Fiscal year 1989 col, fiscal year 1985 PB	Fiscal year 1989 col; fiscal year 1988/89 PB(A)	Delta
Tactical:			
F-15E	4.8/96	2.0/36	2.8/60
F-16	6.6/216	4.1/180	2.5/36
Strategic:			
Peacekeeper	9.8/18	8.4/12	1.4/6
ASAT	0.4/22	0/0	0.4/22
Centrally Managed: Acft spares	8.7	3.1	5.6
Various: Acft mods	4.6	2.1	2.5

Mr. Garrett. The fiscal year 1989 column first appears in the FYDP submitted with the fiscal year 1985 President's budget submission. The fiscal year 1989 column of that submission totaled $149.5 billion, $52.9 billion more than the fiscal year 1989 column in today's fiscal year 1988/1989 amended budget submission ($96.6 billion). Aside from the recent $12.3 billion reduction required by the Budget Summit Agreement, there are many factors which have contributed to the reduced estimate. It is the result, in part, of four years of planning refinement including the firming up of schedules and plans, and the refinement of pricing estimates. In addition, budget year decisions often have out year implications and result in out year adjustments. Since preparation of the fiscal year 1985 FYDP, major changes have included the following:

1. Estimated inflation and fuel costs have declined considerably. The current fiscal year 1989 column reflects a $14 billion decline as a result of changes in the inflation estimate and a $2 billion decline in the fuel cost estimate.
2. Reduction in procurement quantities of major system has also contributed to the decline. For example, AEFIS platforms have been reduced by four, SSN-688s by two, AV-8B's by 36, F/A-18's by 48 and the once planned VTX program was deleted, a reduction of 24 aircraft.
3. Also reflected in the fiscal year 1989 column are the cumulative benefits of many cost saving efforts undertaken in the 1980s. We are now reaping the benefits of initiatives such as increased competition and fixed-price contracts, control of design and equipment changes during contract execution, and numerous other management efforts.

FISCAL YEAR 1989–94 FYDP IMPACTS

Senator McCain. I realize that you may not have finished your revision of the fiscal year 1989–94 FYDP, but could you provide a statement for the record of the major cuts you will have to make in manpower, procurement, O&M, readiness, and sustainability, and summarize the potential impact on mission and war fighting capability?

Secretary Aldridge. The reductions in fiscal guidance authority have forced the Air Force to make tough decisions and significant reductions in manpower, force structure, and, in both the fiscal year 1990–94 President's budget and the fiscal year 1990–94 Program.

Mr. Garrett. Since revision of the FYDP is still underway, it is premature at this time to comment on the impact.

The fiscal year 1989 President's budget has reduced military end strength by 23,100 below the amount authorized by fiscal year 1988. Civiliam end strength has been reduced by 1,361.

Major reductions in procurement programs include terminating 20 programs and slowing or deferring key modernization and force structure programs that support the warfighting commanders.

Our fiscal year 1989 budget request will enable us to maintain adequate peacetime spare parts stocks and equipment inventories: continue necessary aircraft modifications; improve the responsiveness of the industrial base; improve our air base operability; and increase our inventory combat scenarios. It does not, however, include any funding of war reserve spares to reduce existing sustainability shortfalls.

Given the constraints in the fiscal year 1989 President's budget we will continue in fiscal year 1990–94 the necessary balance between our four pillars of readiness, sustainability, modernization, and force structure.

Our global responsibilities for security continue even though budget reductions have forced us to significantly reduce our force structure. The changes required in fiscal year 1989–94 will increase the near-term and long-term risks associated with implementing our national security policy beyond the level the President, SECDEF, the Service Secretaries, and military Chiefs believe prudent.

DEFENSE PROGRAM COMPARISON TO THREAT FORCE

Senator McCain. Could you provide a statement for the record of how our defense program compares to those of threat forces, and of the trend you currently project in relative capability?

Secretary Aldridge. The Soviet defense program can be characterized as a steady, consistent, and growing program resulting in a large and increasing modern force. During the last 20 years, the Soviets have invested $500B more in defense than the U.S., and Soviet defense expenditures show an annual real growth rate of 2 percent. U.S. defense expenditures, while roughly matching Soviet expenditures in 1985, have not been as steady or predictable. The immediate future of U.S. defense expenditure levels is not clear. In fiscal year 1989 the amended budget provides $33B less than proposed, and we have experienced negative growth in our DOD budget in the last four submissions. If this recent trend of negative real growth continues, our capability to execute our military strategy to support national security objectives may decrease significantly. [Deleted.] Our Air Force's superior technology and readiness—areas in which the Soviets have historically lagged—provide leverage for the U.S. in the conventional arena. It should be noted the assessment assumed a 3 percent annual growth in the DOD budget over the FYDP. If this 3 percent real growth is not realized, these conclusions must be seen as optimistic, and our capability to support national strategy will decrease.

Mr. GARRETT. Over the last decade, the magnitude of the Soviet military effort greatly exceeded that of the United States. Based on a dollar cost comparison of cumulative U.S. and USSR military programs for the past 10 years, the total Soviet military effort was almost 10 percent greater than that of the United States. This gap closed to less than 5 percent in 1986 due to accelerated U.S. procurement spending. Nevertheless, cumulative Soviet military procurement for the decade was higher than that of the United States. Furthermore, Soviet defense allocations are expected to remain at levels high enough to allow for the continued modernization of the Armed Forces.

The growth in Soviet military power was dependent upon the defense industry's priority access to raw materials, electronics and other key intermediate subcomponents, scientists and engineers, and skilled labor, which has led to the development of the world's largest military-industrial complex. The economic cost of Soviet military power has been, and continues to be, immense. High levels of defense spending have been a major contributor to progressively slower Soviet economic growth rates, as the most valuable and productive resources were channeled to the military at the expense of living standards and investment in industries essential for civilian economic growth. The neglect of the civilian industrial sector has contributed to economic problems such as low productivity, transportation and supply bottlenecks, inefficient use of resources, and slow technological development. The Soviet defense burden—the share of Soviet gross national product (GNP) allocated to defense—has increased from about 14 to 16 percent in 1980 to about 15 to 17 percent in 1987—roughly two and one-half times that of the United States.

The United States and its allies currently enjoy an advantage over the Soviet Union in nearly all important areas comprising the maritime balance. We project, however, that our advantage will be reduced over time as the Soviets continue augmenting and improving their naval forces. By the mid-1990s, improved Soviet submarines and the more capable surface combatants now entering the Soviet fleet will comprise a significant percentage of the Soviet Navy as older units are retired. The U.S. advantage in submarine quieting is being severely challenged by the Soviets and the allied margin of superiority is being narrowed. U.S. Navy antiair capability will be increasingly challenged by improved antiship cruise missiles entering the Soviet inventory. The addition of AEGIS to the fleet, innovative antiair tactics and the proliferation of TOMAHAWK and HARPOON will maintain a credible balance to counter Soviet cruise missile firing platforms and missiles targeted on our ships. The expansion of the Soviet "sea-denial" zones will test U.S. offensive strategy but will also complicate Soviet reconnaissance and surveillance capabilities. The United States will retain significant advantages over the Soviets in tactical sea-based air power, long-range power projection, sustainability at sea, surveillance and reconnaissance, and in its ability to operate and maintain the new and more sophisticated ships entering the inventory.

RISKS BUDGET IMPOSES ON ABILITY TO CARRY OUT MISSIONS

Senator MCCAIN. Could you provide a statement of the major risks this budget imposes in terms of your ability to carry out key missions?

Secretary ALDRIDGE. We have continued to improve critical strategic and tactical systems and have raised both our deterrent and warfighting capabilities in these areas to new levels, even in light of the expanding Soviet threat. However, fiscal constraints have driven us to reduce the size and slow the modernization of our tactical air forces, to significantly alter our plans to diversify our survivable ICBM forces, and to severely limit our space control assets. These fiscal constraints will force the United States to accept increased risk in executive military strategy in support of national security objectives, compared to the capability planned under the original President's budget.

Mr. GARRETT. The major risk involves our ability to meet national commitments and respond to ever-increasing international demands placed on the Navy. In the preparation of the FY 1989 amended budget, we have striven to maintain, within an acceptable level of risk, our ability to respond to international demands. We have protected readiness accounts (O&M and Military Personnel), and taken relatively larger reductions in the procurement accounts. Funding for OPTEMPO and flying hours was not further reduced below the FY 1988 level. Selected maintenance programs have been reduced only when and where those reductions would not inordinately impact on the forward operations of naval forces. In the opinion of the unified commanders, the Navy can discharge its peacetime national and allied security responsibilities today. Our submission is a carefully balanced and executable budget designed to minimize risk; any further reductions would increase our risk of meeting national commitments beyond an acceptable level.

BUDGET RISKS TO FISCAL YEAR 1989–94 FORCE STRUCTURE

Senator McCain. What risks, if any, does this budget and the fiscal year 1989–94 FYDP impose in terms of cuts in force our future force structures?

Secretary Aldridge. While we continue to modernize and improve our force structure, the most recent fiscal constraints have forced harder decisions regarding the size and composition of our forces. The need to field modern, capable, and cost-effective forces in both the strategic and conventional arenas has resulted in reducing the scope of the near-term Small ICBM program, reducing tactical fighter procurement, cancelling ASAT, and slowing the acquisition of our OTH–B radars and other important programs. The programs marked for cancellations or curtailments are good programs, they just do not provide the best balance in capability for the available funding. The fighter force has been reduced by 5 wings below the long standing 40 wing goal. If the Small ICBM is not fielded, our ICBM force would be reduced by 500 highly accurate warheads. As the capability of our potential adversaries continues to grow significantly while our own growth rate slows, we must carefully weigh potential consequences. Our ability to successfully execute our military strategy in support of national security objectives becomes more difficult. In an increasingly dangerous and multipolar world, we are faced with assuming more risk at a time when there is less margin for error.

Mr. Garrett. With the fiscal year 1989 amended budget submission, our planned 600-ship force has been delayed until the fiscal year 1990s. In fiscal year 1989 we will have only 580 ships, a decrease of 25 ships from last year's President's budget. Since revision of the FYDP is still underway, it is premature at this time to comment on the extent and impact of the delay. The impact in terms of risk, of course, is ultimately reflected in our mission capability and whether we are able to meet national commitments, as I have previously noted.

REAL DEFENSE SPENDING

Senator McCain. How important is the rise in real defense spending called for in the FYDP to avoid further reductions in force structure or serious reductions in mission capability?

Secretary Aldridge. Fiscal constraints beyond the already modest real growth envisioned for in the FYDP will cause modernization efforts to be stretched out over a longer period of time, force structure to be diminished, and training and support for our forces to be reduced. The net result of such reductions would be to further erode the qualitative edge of our military posture and diminish past trends toward risk reduction relative to the projected threat. Adequate resources must be provided to ensure our essential warfighting capabilities are not impaired and we continue to provide a credible deterrent. Should greater fiscal constraints be applied, we would be forced to accept even higher levels of risk.

Mr. Garrett. As Admiral Trost stated in his posture statement, in the long-term, a prudent and minimal level of real program growth is required to maintain an effective Navy. In the short-term, negative growth for four of the last 6 years has been overcome through continued innovative approaches and efficiencies. We are fast reaching the limits of those techniques. Long-term zero or negative growth will result in retrenchment leading to a smaller Navy with diminished capacity to support the national strategy. Further reductions to force structure or mission capability cannot be made without increasing, beyond an acceptable level, the risk of meeting our national commitments. Our submission is a carefully balanced and executable budget designed to minimize risk to the extent possible; any further reductions would make that risk even greater.

FISCAL YEAR 1989 MAJOR TRADE-OFFS TO PRESERVE READINESS AND SUSTAINABILITY

Senator McCAIN. Could you provide a statement for the record of the major tradeoffs you have had to make to preserve your readiness in fiscal year 1989 and of the problems this will impose in terms of procurement, substainability, and O&M backlogs?

Secretary ALDRIDGE. As your question correctly points out, we have had to make difficult choices in the areas of force structure, sustainability, and modernization to preserve the readiness of our forces. Programs such as Small ICBM, F-15E, SRAM II, ASAT, OTH-B, fighter force structure size, AMRAAM, IIR Maverick, AGM-130, sensor fused weapon, RF-4C, AWACS upgrades, Milstar, WWABNCP replacement, aircraft spares, depot maintenance, and Class IV modifications have all been altered to meet fiscal constraints and maintain a balanced combat capability across our forces. F-15E procurement was cut to 36/year in fiscal year 1989. Slower production rates drive up unit cost, and force us to keep more of our older, less maintainable and less capable systems in our inventory. Our tactical fighter force will shrink to 35 TFWs. This represents a loss of 5 TFWs (compared to fiscal year 1988 PB projections). A force of 5 TFWs is 25 percent larger than the entire U.S. Air Force component currently based in the Pacific. Five TFWs could provide over 18,000 sorties during a 60-day period. Fiscal guidance for fiscal year 1989 has forced us to not fund $3.1B of aircraft spares; no WRSK/BLSS or OWRM was funded in fiscal year 1989. Due to this lack of spares, [deleted]. Unfunded requirements for programmed depot maintenance result in maintenance backlogs (O&M backlogs) which reduce the number of mission ready aircraft available to our supported CINCs. Currently we have prioritized the repair of mission critical components, airframes, and engines for our most modern fighters. This has resulted in fewer available peacetime assets and stretched the repair time of depot-repaired war readiness materials (WRM). Operational units must use their WRM spares to maintain peacetime readiness, resulting in fewer spares readily available for combat operations.

Mr. GARRETT. In complying with the substantial resource reductions mandated as a result of the Bipartisan Budget Summit agreement of last fall, we have struck a balance between Navy's near-term readiness and long-term capability. Elimination of 11.3 percent of the Department's fiscal year 1989 budget program presented to Congress a year ago was achieved by force reductions, reductions to readiness and sustainability (not below the minimum essential level), termination of programs where affordability considerations would otherwise result in uneconomical stretchouts, and closer scrutiny of candidate new starts.

The impact of force structure reductions includes:

A. Decommissioning of one Poseidon SSBN in lieu of overhaul thereby reducing active force ships.

B. The 14th Airwing will stand down until the completion of the Carrier SLEPs and the start of the delivery of the replacement carriers.

C. Eight additional frigates will be retired.

D. Two Aegis platforms have been eliminated from the fiscal year 1989 procurement program.

E. The fleet and shore military establishment will be further streamlined in combination with the aforementioned ship force and airwing changes. This means reducing military endstrength from last year's fiscal year 1989 request by 12,500.

Readiness and sustainability reductions include the following:

A. Delays in the modernization of the Department's physical plant—unavoidable given the magnitude of the required reductions.

B. Selected maintenance programs have been reduced only when and where those reductions would not inordinately impact on the forward operations of naval forces.

C. Planned procurement levels for a broad range of missiles, ammunition and other expendables were reduced, thereby delaying achievement of the inventory objective. However, quantities necessary to support competitive procurement for those programs were protected where the requirement has not yet been satisfied and the competition has proved fruitful.

D. In view of the pressure of Persian Gulf and other operations, funding for OPTEMPO and flying hours were not further reduced below the fiscal year 1988 level.

E. The Department's commitment to improve Navy medicine continues to be reflected in the budget estimates.

F. Operations and maintenance backlogs include 37 aircraft in fiscal year 1989, resulting primarily from reductions sustained during congressional action on the fiscal year 1988 budget. No ship overhauls have been deferred.

Program terminations include the A-6F procurement program which will be replaced by a remanufacture effort. Due to affordability considerations, an inability to achieve cost limits, and/or marginal warfighting utility, several other programs, such as HFAJ, SAL GP and SKIPPER, have also been canceled. Also, plans to procure the TACS and SWCM as presently designed have been canceled.

In our reexamination of new starts several programs were canceled. Among them were the Dual Role Anti-Radiation Missile, the Naval Airship and NROSS. Modernization of the FFG-7's from their existing SM-1 capability to SM-2, although desirable, was terminated. Procurement of the M-1 tank was limited to a one company equivalent in fiscal year 1989. Given the fiscal constraints which face the Department, even though it is desirable to have only the best available tank in inventory, some short-term risk in the anti-armor force structure must be accepted. In view of the impressive gains made by the Soviets in submarine warfare, operational requirements dictated pressing ahead aggressively with the acquisition of the SSN-21.

While the risk has increased with reductions equating to a budget that is 8.9 percent lower than fiscal year 1988 in real terms, it remains acceptable. Our strategy has been to preclude a return of the environment of the late 1970s where naval forces were inadequate to satisfy national commitments without extraordinary degradation of material and personnel readiness.

SPENDING REQUIRED IN FISCAL YEAR 1989-94 TO FULLY REFORM MISSION AND CORRECT SHORTFALLS

Senator McCain. Could you provide a statement for the record showing what you would have to spend in fiscal year 1989, and during fiscal years 1989-94, to be able to fully perform your mission and to correct the major shortfalls you now have to accept as a result of current budget cuts?

Secretary Aldridge. The Air Force program as reflected in the President's budget prepared in 1988 was crafted to provide, in conjunction with the other Services and with a manageable degree of risk, sufficient force structure and capabilities to accomplish those Air Force tasks dictated by our national military strategy as executed by the operational commands. It projected a reasonable rate of growth to accommodate corresponding growth in the threat and address shortfalls in capability. This budget would correct the major shortfalls we now have to accept with the current budget cuts.

Mr. Garrett. The original fiscal year 1989 President's budget submitted last year reflects the requirements for fully performing our mission without the additional element of risk imposed by the reduced resource levels of the fiscal year 1989 amended budget submission. Resource levels beyond fiscal year 1989 are still being formulated.

Senator Levin. Thanks for your testimony. We stand adjourned.

[Whereupon, at 12:15 p.m., the committee adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1989

WEDNESDAY, MARCH 16, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

AMENDED FISCAL YEAR 1989 DEFENSE AUTHORIZATION REQUEST AND THE 5-YEAR DEFENSE PLAN

The committee met in open session, pursuant to notice, at 2:05 p.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Present: Senators Nunn, Exon, Levin, Kennedy, Dixon, Shelby, Warner, Quayle, Wilson, and McCain.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Romie L. Brownlee, deputy staff director for the minority; Robert E. Bayer, Robert G. Bell, John J. Hamre, George K. Johnson, Jr., Ronald P. Kelly, James R. Locher III, David S. Lyles, Norman G. Mosher, Frederick F.Y. Pang, Mark B. Robinson, and Daniel J. Wildfong, professional staff members; Debra A. Rice, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Milton D. Beach, assistant to Senator Glenn; Leon Fuerth, assistant to Senator Gore; Terrence M. Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Christopher Mellon, assistant to Senator Cohen; Henry D. Sokolski, assistant to Senator Quayle; Mark J. Albrecht assistant to Senator Wilson; Samuel J. Routson, assistant to Senator Symms; and Anthony H. Cordesman, assistant to Senator McCain.

OPENING STATEMENT BY SENATOR CARL LEVIN, PRESIDING

Senator LEVIN. The committee meets this afternoon to receive testimony from the Chiefs of Staff of the four military services on the relationship between our military strategy and the amended fiscal year 1989 Defense authorization request.

Their testimony follows two hearings with the Unified Commanders yesterday and a hearing with the three service Secretaries this morning.

We heard from Secretary Carlucci and Admiral Crowe back on February 18. Chairman Nunn is a little under the weather this afternoon and asked me to chair the hearing. Our committee has devoted a great deal of effort to reviewing our overall military strategy over the past several years. We began our work last session with a series of hearings on our national security strategy and military strategy component.

We led off this year with a more focused look at NATO strategy and the implications of the INF Treaty. Each of our witnesses this afternoon is uniquely qualified to help the committee link our military strategy and the defense budget, because of his position as a member of the Joint Chiefs of Staff and as a senior military officer of the service.

Senator Nunn and Senator Warner asked the witnesses to focus their testimony on how their services fiscal year authorization request supports the objectives of our military strategy and the operational requirements of the combatant commanders. These are the issues that they must wrestle with every day, the major missions of the Defense Department and the priorities that should be assigned to these missions and the relationship of the services budget to these priorities.

The issues are even more difficult in the strained fiscal environment that we face over the next few years. All of us have worked to ensure that we set priorities to obtain the maximum military capability for the dollars that we spend.

At this time I would like to welcome Gen. Carl E. Vuono, Chief of Staff of the Army, Adm. Huntington Hardisty, our Vice Chief of Naval Operations, Gen. Al Gray, Commandant of the Marine Corps, and Gen. Larry Welch, Chief of Staff of the Air Force.

After each of you have given your opening statement we will turn to questioning but we would appreciate your summarizing your opening statements if you can. The entire statements will be made part of the record.

We would hope that perhaps each of you could get your summaries or your statements into perhaps a 10-minute time period. But take what time you need.

General, I think we will start with you. General Vuono, welcome.

Excuse me, General, I am reminded that I should recognize the minority member.

Senator **WARNER**. No, thank you, Mr. Chairman.

Senator **LEVIN**. Thank you, Senator. General.

Senator Dixon has submitted a prepared statement for the hearing record which should be inserted at this point.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, this afternoon we are pleased to have before this committee General Carl Vuono, Chief of Staff of the Army; General Alfred M. Gray, Commandant of the Marine Corps; General Larry D. Welch, Chief of Staff of the Air Force; and Admiral Hunt Hardisty, Vice Chief of Naval Operations. Their testimony today, in addition to the testimony of the Service Secretaries this morning, will provide a top level review of the services' fiscal year 1989 President's budget.

The picture that has been painted to this committee is of Armed Forces at their highest state of readiness and operational capability in many years. This has been attributed to the increased defense budgets of the past decade. However, we have been warned that the prospect of declining resources in the future will severely damage those same forces.

The rapid budget increase of the past has stopped. There is no question that the military will have to learn to do their job with less money for the foreseeable future. But, we must not let the decline in resources cause us to lose sight of the assets at hand. We must continue to focus our efforts on maintaining and sustaining the gains we have made. The Congress and the Department of Defense must work together to ensure that high priority programs are funded. At the same time there is little room for "nice to have" projects. Hard choices must be made, and effective and efficient operations must be the rule.

I look forward to the testimony of these distinguished military leaders.

Thank you Mr. Chairman.

Senator LEVIN. General.

STATEMENT OF GEN. CARL E. VUONO, CHIEF OF STAFF, U.S. ARMY

General VUONO. Mr. Chairman, it is a privilege to appear before the committee to discuss the Army's contribution to our national military strategy and how we went about meeting the operational requirements of the Unified and Specified Commanders in Chief (CINC) for land forces in our fiscal year 1989 budget.

First, let me say that we zero based our budget, due to the extreme decrement, and that we are using the reduced 1989 submission as a new baseline for the 5-year defense plan. Our approach was to establish criteria and priorities linked explicitly to the national strategic priorities as contained in the President's national security document and our Defense Department's guidance.

This meant giving the highest priority to the needs of forward deployed and immediately reinforcing forces, and putting readiness at the top of our list in terms of the four Pillars of Defense.

We consulted with the Army component commands and the Unified and Specified Commands, to which they are subordinate to be sure that we understood clearly the CINC's priorities and needs.

While there is not enough to go around and less so with the decrement, we believe we have portioned the pain in a way that best supports our strategy and meets the essential CINC needs.

We are especially mindful that we must not only continue the positive momentum we have in our Army concerning readiness today, but must set aside resources to shape the Army of the future so that we can meet the demanding requirements that we are going to face.

Therefore, in Army terms, we maintained, programs to provide the highest quality in retainable soldiers; progressive and sequential leader development, including the all important education of our leaders in joint operations; superb, realistic, tough training done to standards; a modern doctrine, which guides the leader development, organization, training, and modernization of the force to conduct joint and combined operations; high quality material systems for close, deep and rear combat operations; and a research and development establishment to assure the Army a qualitative edge over potential enemies in the future.

Overall we supported the CINC's requirements for training and sufficient OPTEMPO to maintain current readiness in spite of a budget that represents approximately 1.6 percent negative real growth in TOA. While our sustainment and military construction had to be cut, we did protect key items that relate to current readiness and war reserves according to the CINC's priorities.

Our research, development, and acquisition accounts are down, but we were able to protect the systems that gave us the greatest value added for the war fighting needs of the forces in the field. As directed, we cut our force structure, lowering the active end strength by 8,600 soldiers. We also cut about 12,200 civilians and cancelled the planned increase of over 26,000 Reserve component soldiers.

We and the CINC's would have preferred not to cut structure, but with the size of the decrement, we did our part in providing resources associated with that.

I think a word of caution is in order. Since our strategy and world wide commitments remain the same, and since the threat continues to expand in capabilities and complexity, the reductions in size and capabilities represented in our budget add to our risk. And in the future in my view, we must guard against reducing an already small Active Army, to levels where reductions in size can not be overcome, and even our best quality is unable to satisfy the Nation's needs.

In the future we will also have to increase our attention to modernization requirements to ensure that we provide the CINC's the fielded capability they need to cope with the threat. As you know, we are not yet keeping pace with Soviet developments. In light of the INF Treaty which we support, with the burden of deterrence continuing the shift to conventional forces, it is my view that we are in no position to reduce further the pace of modernization. Sound modernization programs are also a prerequisite for any meaningful progress toward a sound conventional arms reduction agreement.

We have one difficult area that I believe cuts across many of our programs in which we need your help, and that is the foreign currency fluctuation problem. We need more flexibility to shift our funds among appropriations covering prior and current years. In my view this makes sound management sense and will keep us from diverting mission funds to meet our foreign currency bill.

In closing, Mr. Chairman, the Army budget is a sound one. We have been forced to cut to meet our fiscal constraints; the 1989 budget adds to the risk associated with our strategy. Over the program years, therefore, I hope that we can work together to establish a stable level of real growth in our defense programs. The Army needs your support this year and in the future if we are to meet the requirements of our national security strategy.

Thank you, Mr. Chairman.

[The prepared statement of General Vuono follows:]

STATEMENT OF GENERAL CARL E. VUONO
CHIEF OF STAFF, UNITED STATES ARMY

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

IT IS A PRIVILEGE FOR ME TO APPEAR BEFORE YOUR COMMITTEE TO REPORT ON THE STATE OF THE UNITED STATES ARMY, ITS CONTRIBUTION TO OUR NATIONAL STRATEGY, THE ARMY BUDGET FOR FISCAL YEAR 1989, AND KEY ISSUES FOR THE FUTURE.

NATIONAL STRATEGIC PERSPECTIVE

OUR NATIONAL DEFENSE EFFORTS MUST BE GUIDED BY VISION. THE VISION THAT GUIDES SECRETARY MARSH AND ME IS BASED ON THE CONSTITUTION AND OUR NATION'S INTERESTS. IT ALLOWS US TO ESTABLISH THE IMPORTANT OBJECTIVES FOR THE TOTAL ARMY FOR THE PRESENT AND THE FUTURE, AND ALSO PROVIDES THE FRAMEWORK FOR BUDGET AND PROGRAM FORMULATION.

ACCORDINGLY, OUR NATIONAL SECURITY OBJECTIVES ARE AMONG THE MOST IMPORTANT PRINCIPLES UPON WHICH WE BASE THE ARMY'S VISION. IN BRIEF, OUR MAJOR NATIONAL SECURITY OBJECTIVES ARE:

- TO SAFEGUARD THE UNITED STATES, ITS ALLIES, AND INTERESTS BY DETERRING AGGRESSION AND COERCION; AND SHOULD DETERRENCE FAIL, BY DEFEATING THE AGGRESSION ON FAVORABLE TERMS, AT THE LOWEST POSSIBLE LEVEL OF HOSTILITIES.

- TO ENCOURAGE AND ASSIST OUR ALLIES AND FRIENDS IN DEFENDING THEMSELVES.

- TO ENSURE U.S. ACCESS TO CRITICAL RESOURCES, MARKETS, THE OCEANS, AND SPACE.

- TO REDUCE, WHERE POSSIBLE, SOVIET MILITARY PRESENCE THROUGHOUT THE WORLD; TO INCREASE THE COSTS OF SUBVERSION TO MOSCOW; AND TO ENCOURAGE POSITIVE CHANGE WITHIN THE SOVIET BLOC.

- TO PREVENT TRANSFER OF MILITARILY CRITICAL TECHNOLOGY AND KNOWLEDGE TO POTENTIAL ADVERSARIES.

- TO PURSUE EQUITABLE AND VERIFIABLE ARMS REDUCTION AGREEMENTS, WITH SPECIAL EMPHASIS ON COMPLIANCE.

- TO DEFEND AND ADVANCE THE CAUSE OF DEMOCRACY, FREEDOM, AND HUMAN RIGHTS THROUGHOUT THE WORLD.

THESE OBJECTIVES CREATE A DEMANDING SET OF STRATEGIC REQUIREMENTS WHICH WE ADDRESS IN OUR COMPREHENSIVE, WORLDWIDE, ALLIANCE-BASED NATIONAL SECURITY STRATEGY. AS ONE OF THE TOOLS OF THAT STRATEGY, U.S. MILITARY POWER IS CHARGED WITH DEALING WITH A VARIETY OF THREATS WHICH MAKE DETERRENCE AND DEFENSE A COMPLICATED CHALLENGE, ESPECIALLY IN VIEW OF THE FISCAL CONSTRAINTS AND COMPETING SPENDING PRIORITIES THAT OUR GOVERNMENT FACES.

THE THREAT

THE THREAT TO AMERICA'S NATIONAL SECURITY INTERESTS IS MULTIFACETED, COMPLEX, AND DIRECTED AGAINST OUR INTERESTS THROUGHOUT THE WORLD. TO PUT THE FY 1989 BUDGET IN CONTEXT, I WANT TO HIGHLIGHT KEY ELEMENTS OF THE THREAT:

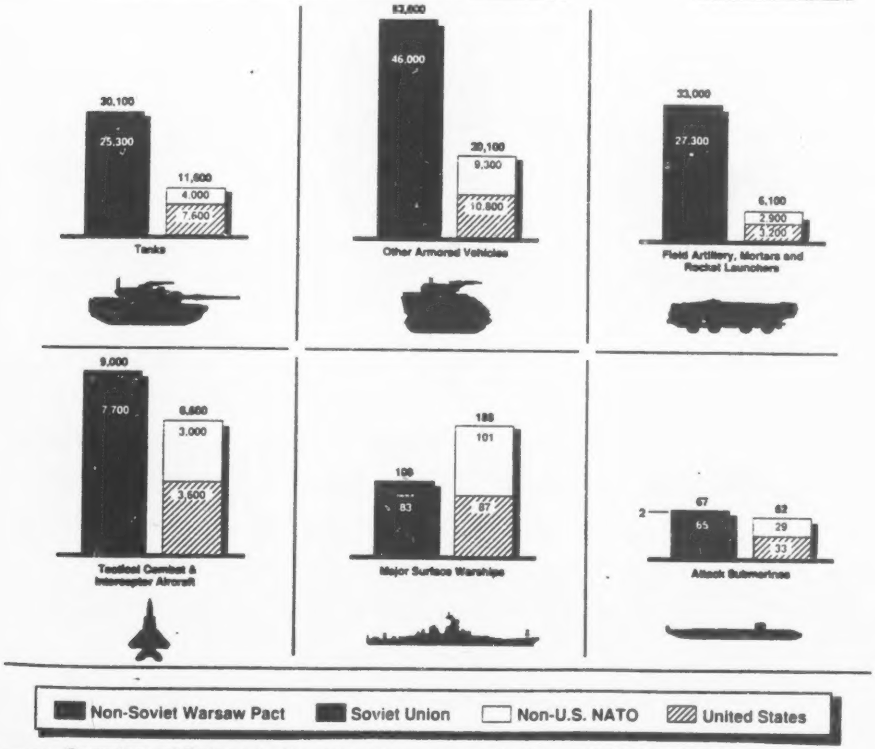
- THE USSR HAS BEEN, IS, AND FOR THE FORSEEABLE FUTURE WILL REMAIN THE PRINCIPAL THREAT TO OUR SECURITY. DESPITE GENERAL SECRETARY GORBACHEV'S FOCUS ON ECONOMIC RESTRUCTURING AND HIS CALL FOR A NEW OPENNESS IN SOVIET SOCIETY, THE MILITARY THREAT FROM THE SOVIET UNION CONTINUES TO INCREASE AT AN ALARMING PACE, TAKING UP 15-17% OF ITS GNP, MORE THAN 2-1/2 TIMES THE PERCENTAGE WE SPEND.

- THE SOVIET ATTAINMENT OF PARITY WITH THE UNITED STATES IN STRATEGIC NUCLEAR WEAPONS IN THE EARLY 1970S BEGAN A SHIFT IN THE BURDEN OF DETERRENCE TO OTHER FORCES, ESPECIALLY CONVENTIONAL FORCES. THIS TREND IS REINFORCED BY THE CURRENT INF TREATY -- WHOSE RATIFICATION BY VIRTUE OF ITS OWN MERITS I SUPPORT ALONG WITH THE OTHER

MEMBERS OF THE JOINT CHIEFS OF STAFF -- AND BY INCREASED ATTENTION TO CONVENTIONAL LAND OPERATIONS REFLECTED IN SOVIET MILITARY DOCTRINE.

- NOWHERE IS THE GROWTH IN SOVIET MILITARY POWER AS CLEAR AS IT IS IN EUROPE, BOTH THE U.S.' AND THE SOVIET UNION'S FIRST OUT-OF-HOMELAND DEFENSE PRIORITY. AS BOTH GENERAL GALVIN, THE SUPREME ALLIED COMMANDER, EUROPE, AND I HAVE RECENTLY TESTIFIED, THE IMBALANCE IN CONVENTIONAL FORCES CAPABILITIES IN EUROPE IN FAVOR OF THE WARSAW PACT HAS BEEN INCREASING DUE TO THE UNPRECEDENTED MODERNIZATION OF SOVIET FORCES. AND WHILE THE UNITED STATES AND ITS NATO ALLIES HAVE MADE SIGNIFICANT IMPROVEMENTS, OUR ADVERSARY HAS WORKED HARDER AND IS NOW MATCHING OR EXCEEDING US IN THE QUALITY OF HIS NEW GROUND FORCES EQUIPMENT. PRODUCTION TRENDS, SHOWN IN THE GRAPHIC BELOW, SUGGEST THAT THESE TRENDS WILL CONTINUE.

Production of Selected Weapons for NATO and the Warsaw Pact Forces (1978-1987)



[Source: Secretary of Defense's Report to Congress on the Amended FY 1988/1989 Biennial Budget, February 18, 1988.]

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Production of Selected Weapons for NATO and the Warsaw Pact Forces (1978-1987)

[Source: Secretary of Defense's Report to Congress on the Amended FY 1988/1989 Biennial Budget, February 18, 1988.]

CLEARLY, THE UNITED STATES AND ITS ALLIES MUST PAY GREATER ATTENTION TO THE READINESS AND MODERNIZATION OF NATO-ORIENTED CONVENTIONAL FORCES. THE READINESS OF OUR FORWARD-DEPLOYED AND U.S.-BASED REINFORCING UNITS, AND THE PROGRAMS TO FIELD MODERN WEAPON SYSTEMS INCLUDING DEEP OPERATIONS SYSTEMS, SUCH AS THE ARMY TACTICAL MISSILE SYSTEM, ARE ALL TOP ARMY AND NATO PRIORITIES. THE MODERNIZATION OF U.S. AND NATO SHORT-RANGE NUCLEAR FORCES, PARTICULARLY THE DEVELOPMENT AND FIELDING OF A FOLLOW-ON TO LANCE, IS EQUALLY IMPORTANT IN MAINTAINING THE CREDIBILITY AND VITALITY OF NATO'S STRATEGY OF FLEXIBLE RESPONSE.

- THE GROWTH OF THE SOVIET THREAT IN OTHER REGIONS, SUCH AS THE FAR EAST AND SOUTHWEST ASIA IS SIGNIFICANT, AS ARE THE SOVIET-SUPPORTED AND NONSOVIET THREATS IN THE THIRD WORLD. THE CHALLENGES IN THESE AREAS RANGE FROM LOW-INTENSITY CONFLICT WHICH ENCOMPASSES TERRORISM, INSURGENCY AND COUNTERINSURGENCY; TO MID-INTENSITY CONVENTIONAL CONFLICT. THERE ARE MORE THAN 20 ON-GOING CONFLICTS IN THE THIRD WORLD AND MORE THAN HALF DIRECTLY AFFECT U.S. FRIENDS AND ALLIES. MOREOVER, A NUMBER OF THIRD WORLD COUNTRIES, GENERALLY HOSTILE TO U.S. INTERESTS, HAVE BECOME SOPHISTICATED MILITARY POWERS IN THEIR OWN RIGHT. AMONG THESE ARE CUBA, VIETNAM, NORTH KOREA, SYRIA, IRAN, AND LIBYA. NICARAGUA ALSO ASPIRES TO MEMBERSHIP IN THAT GROUP.

IN SUM, THE COMPREHENSIVE NATURE OF THE U.S. NATIONAL SECURITY STRATEGY AND THE COMPLEX, WIDESPREAD THREATS TO OUR VITAL INTERESTS, COMPEL THE U.S. ARMED FORCES IN GENERAL, AND THE ARMY IN PARTICULAR, TO PREPARE FOR CONFLICT ACROSS A BROAD SPECTRUM FROM THE CURRENTLY ONGOING LOW-INTENSITY CONFLICTS IN THE THIRD WORLD, TO THE LESS PROBABLE BUT MORE INTENSE AND COSTLY HIGHER-INTENSITY CONFLICTS THAT WE SEEK TO DETER IN EUROPE, NORTHEAST ASIA, AND SOUTHWEST ASIA.

ARMY VISION

TO BE PREPARED FOR SUCH EVENTUALITIES AND FULFILL ITS MISSIONS ACCORDING TO OUR NATIONAL SECURITY STRATEGY, THE ARMY MUST BUILD A CAREFULLY TAILORED MIX OF FORCE CAPABILITIES WITH THE RESOURCES AVAILABLE. THE ARMY MUST DESIGN AND FIELD AN OPTIMAL COMBINATION OF FORCES (HEAVY, LIGHT, AND SPECIAL OPERATIONS), PROPERLY POSTURED FOR THE BEST DETERRENT EFFECT (FORWARD-DEPLOYED AND U.S.-BASED), AND TAKING THE BEST ADVANTAGE OF OUR CONSIDERABLE RESERVE CAPACITY (ARMY RESERVE AND ARMY NATIONAL GUARD). IN CREATING THIS TOTAL FORCE, WE MUST TAKE INTO ACCOUNT THE CURRENT NEEDS OF THE UNIFIED AND SPECIFIED COMMANDERS-IN-CHIEF WHO ARE CHARGED WITH COMMANDING THE DETERRENT FORCES OF OUR NATION, AND THE ARMY'S OBLIGATIONS TO INVEST NOW TO PROPERLY SHAPE THE ARMY THE UNITED STATES WILL NEED FOR THE FUTURE.

THE FORCE THAT THE ARMY BUILDS TO COUNTER THE THREAT TO OUR INTERESTS MUST BE ABLE TO FIGHT AND WIN IN JOINT AND COMBINED OPERATIONS ACROSS THE SPECTRUM OF CONFLICT, THROUGHOUT THE WORLD. NOT SO THAT WE BECOME THE WORLD'S POLICEMEN, BUT SO THAT OUR POTENTIAL ENEMIES WILL KNOW WE HAVE THE CAPABILITY AND THE NATIONAL WILL TO DEFEAT CHALLENGES TO OUR VITAL INTERESTS. THE CHARACTERISTICS THAT THE ARMY MUST HAVE TO FIELD A READY FORCE TODAY AND PROPERLY SHAPE THE FUTURE INCLUDE:

- HIGH QUALITY, RETAINABLE SOLDIERS;

- SUPERB, REALISTIC TRAINING AND PROGRESSIVE LEADER DEVELOPMENT FOR OUR OFFICERS AND NCOS;

- A MODERN DOCTRINE WHICH GUIDES THE LEADER DEVELOPMENT, ORGANIZATION, TRAINING, AND MODERNIZATION OF THE FORCE;

- HIGH QUALITY MATERIEL SYSTEMS FOR CLOSE, DEEP, AND REAR OPERATIONS THAT MEET THE REQUIREMENTS OF THE UNIFIED AND SPECIFIED COMMANDERS-IN-CHIEF AND EMPHASIZE PLACING U.S. STRENGTHS AGAINST EXPLOITABLE THREAT VULNERABILITIES; AND

- A RESEARCH AND DEVELOPMENT ESTABLISHMENT THAT CAN EXTRACT MAXIMUM BENEFIT FROM MODERN TECHNOLOGIES TO ASSURE THE ARMY'S QUALITATIVE EDGE OVER POTENTIAL ENEMIES IN THE FUTURE.

BUDGET OVERVIEW

IN MEETING THE FY 1989 BUDGET DECREMENT, THE ARMY WAS GUIDED BY ITS VISION OF THE FORCE THAT THE NATION NEEDS TO MEET ITS STRATEGIC REQUIREMENTS. IN REACHING OUR DECREMENT TARGET, WE SOUGHT TO MAINTAIN ESSENTIAL FORCE READINESS AND SUSTAINABILITY, SLOW THE PACE OF MODERNIZATION, AND MINIMIZE FORCE STRUCTURE IMPACT. IN ALL, THE DETERRENT AND WARFIGHTING VALUE ADDED WAS AND WILL CONTINUE TO BE THE MEASURE OF MERIT FOR OUR BUDGET.

WE WERE NOT ABLE TO MEET ALL OUR REQUIREMENTS TO THE DEGREE WE BELIEVE THAT OUR STATEGY REQUIRES. INDEED, THE BUDGET BEFORE YOU REPRESENTS A SEVERE REDUCTION BELOW WHAT THE ARMY HAD PLANNED FOR 1989.

THE ARMY'S FY 1989 BUDGET REQUESTS TOTAL OBLIGATION AUTHORITY OF $78.0 BILLION. OUTLAYS ARE PROJECTED TO BE $76.7 BILLION. THIS REQUEST IN CONSTANT FY 1989 DOLLARS REPRESENTS A $1.3 BILLION DECREASE WHEN COMPARED TO FY 1988, OR APPROXIMATELY 1.6 PERCENT NEGATIVE REAL GROWTH IN TOTAL OBLIGATIONAL AUTHORITY, MAKING 1989 THE FOURTH

CONSECUTIVE YEAR THAT THE ARMY BUDGET HAS DECLINED IN REAL TERMS.

OPERATIONS AND MAINTENANCE ACCOUNTS CONTAIN $26.0 BILLION IN FY 1989. FUNDING FOR THIS CATEGORY HAS GROWN FROM 30 PERCENT OF THE BUDGET IN FY 1986 TO 33 PERCENT IN FY 1989 BECAUSE OF INCREASING SUPPORT COSTS ASSOCIATED WITH PAST MODERNIZATION, AND REDUCTIONS IN CURRENT INVESTMENT FUNDING.

THE MILITARY PERSONNEL CATEGORY CONTAINS $30.0 BILLION IN FY 1989. THE PERSONNEL ACCOUNTS HAVE INCREASED FROM 36 PERCENT IN FY 1986 TO 38 PERCENT IN FY 1989.

THE INVESTMENT ACCOUNTS CONTAIN $22.0 BILLION IN FY 1989. THIS REPRESENTS 28 PERCENT OF THE BUDGET, A DECLINE FROM 33 PERCENT IN FY 1986.

THE BUDGET CONTAINS A 4.3 PERCENT MILITARY PAY RAISE AND A 2.0 PERCENT CIVILIAN PAY RAISE. HOWEVER, OUR ACTIVE FORCES' END STRENGTH WILL BE 8,600 SOLDIERS LOWER THAN THE ORIGINAL FY 1989 REQUEST. ONE BRIGADE WILL BE INACTIVATED AND TWO LIGHT INFANTRY BATTALIONS WILL NOT BE ACTIVATED AS PLANNED. ANOTHER ACTIVE DIVISION WILL BE ROUNDED OUT BY A NATIONAL GUARD BRIGADE, MAKING A TOTAL OF 6 OF OUR 18 ACTIVE COMPONENT DIVISIONS SO CONFIGURED. IN ADDITION, A NUMBER OF FIELD ARMY AND SUSTAINING BASE ORGANIZATIONS WILL BE ELIMINATED OR REDUCED. THE RESERVE COMPONENTS' PAID DRILL STRENGTH AND ACTIVE GUARD AND RESERVE POSITIONS HAVE BEEN CAPPED AT THE FY 1988 LEVELS.

IN VIEW OF THE IMPORTANCE OF READINESS TO OUR DETERRENT POSTURE, WE PROVIDED RESOURCES FOR TRAINING FOR FY 1989 THAT WILL SUPPORT THE HIGHEST READINESS CATEGORY, WHICH IS A SIGNIFICANT IMPROVEMENT OVER WHAT WE WERE ABLE TO FUND FOR FY 1988. WE ALSO CONTINUED THE MOMENTUM OF OUR COMBAT TRAINING CENTER OPERATIONS BECAUSE THESE YIELD THE HIGHEST TRAINING RETURNS FOR THE TOTAL ARMY. DEPOT MAINTENANCE OF SECONDARY ITEMS, SUCH AS TANK ENGINES, WILL BE CONTINUED AT THE 100 PERCENT LEVEL. UNFORTUNATELY, THE ARMY WAS ABLE TO FUND ONLY 68 PERCENT OF THE REQUIRED DEPOT MAINTENANCE FOR MAJOR END ITEMS OF

EQUIPMENT. ALSO, FUNDS FOR THE COMPANION CENTRAL SUPPLY AND TRANSPORTATION PROGRAM ARE TIGHTLY CONSTRAINED.

RESEARCH, DEVELOPMENT, AND ACQUISITION ACCOUNTS WERE DECREMENTED. NEVERTHELESS, THE ARMY PROTECTED PROGRAMS THAT BEST CONTRIBUTE TO THE WARFIGHTING REQUIREMENTS OF THE UNIFIED AND SPECIFIED COMMANDERS-IN-CHIEF, RESEARCH CRUCIAL FOR THE ARMY'S FUTURE, AND HIGH-PAYOFF NEW STARTS.

THE PACE OF IMPROVEMENTS IN SUSTAINMENT HAD TO BE REDUCED TO MEET THE DECREMENT TARGET, RESULTING IN LESS AMMUNITION AND WAR RESERVE STOCKS THAN THE ARMY HAD PLANNED TO FUND IN FY 1989. THIS PLACES THE CINCS' ABILITY TO ACCOMPLISH THEIR WARTIME MISSIONS AT GREATER RISK. SIMILARLY, MILITARY CONSTRUCTION WAS CUT TO ELIMINATE ALL BUT THE PROJECTS MOST ESSENTIAL TO FORCE READINESS. THE BACKLOG OF MAINTENANCE AND REPAIR HAD TO RISE ABOVE A LEVEL THE ARMY CONSIDERS ACCEPTABLE.

OVERALL, DESPITE DEEP FISCAL CUTS, THE ARMY WAS ABLE TO PROTECT MOST OF THE RESOURCES NEEDED TO MAINTAIN A QUALITY FORCE WITH A HIGH LEVEL OF TRAINING AND READINESS. BECAUSE OF THEIR UNIQUE CONTRIBUTION TO DETERRENCE, WE INSULATED AS MUCH AS POSSIBLE THE ARMY'S FORWARD-DEPLOYED FORCES IN GERMANY, KOREA, HAWAII, AND PANAMA. SUSTAINMENT GROWTH, EQUIPMENT MODERNIZATION, MILITARY CONSTRUCTION, AND THE STRUCTURE CUT WERE THE PRIMARY BILL PAYERS. WITH GREAT REQUIREMENTS AND A GROWING THREAT, THE FY 1989 BUDGET DECREMENTS WILL ADD TO THE ALREADY CONSIDERABLE RISK TO OUR NATIONAL SECURITY.

BUDGET ISSUES

SECRETARY MARSH'S STATEMENT SETS OUT THE CHALLENGES THIS BUDGET PRESENTS AND WHICH THE ARMY BELIEVES WORTHY OF YOUR ATTENTION AS YOU CONSIDER OUR REQUEST. I WOULD LIKE TO HIGHLIGHT FOUR ISSUES WHICH WILL HAVE A GREAT IMPACT ON THE ARMY IN THE BUDGET YEAR AND BEYOND: FORCE STRUCTURE AND PERSONNEL, OFFICER STRENGTH REDUCTIONS, CONVENTIONAL

FORCES MODERNIZATION, AND TRAINING.

Force Structure and Personnel

IN SUBMITTING THIS BUDGET THE ARMY HAD TO ACCEPT A FORCE STRUCTURE CUT OF ONE BRIGADE, THE DEFERRAL OF THE ACTIVATION OF TWO COMBAT BATTALIONS, THE CESSATION OF RESERVE COMPONENT GROWTH, AND A SUBSTANTIAL REDUCTION IN CIVILIAN STRENGTH. THE ACTIVE FORCES WILL DECLINE TO THE LOWEST STRENGTH LEVEL IN THE PAST DECADE. IN ALL, THE ARMY WILL HAVE 8,600 FEWER SOLDIERS AND APPROXIMATELY 12,200 FEWER CIVILIANS ON ITS ACTIVE ROLLS, AND WILL HAVE CANCELLED THE INCREASE OF OVER 26,000 SOLDIERS IN THE RESERVE COMPONENTS.

WHILE THE ARMY UNDERSTANDS THESE CUTS WERE NECESSARY TO ACCOMMODATE AN UNUSUALLY LARGE DECREMENT BASED ON FISCAL, NOT MILITARY REQUIREMENTS, THEY WERE FAR FROM EASY OR "COST FREE". THESE CUTS WILL ADD TO THE RISK ASSOCIATED WITH OUR NATIONAL SECURITY STRATEGY, THEY WILL LOWER THE READINESS OF SELECTED ACTIVE UNITS, THEY WILL OBSTRUCT NEEDED CHANGES IN THE RESERVE FORCE STRUCTURE, AND LEAD TO THE DIVERSION OF SOLDIERS TO PERFORM FUNCTIONS NORMALLY ASSIGNED TO THE CIVILIAN WORK FORCE.

IN THE FUTURE, WE MUST GUARD AGAINST REDUCING AN ALREADY SMALL ARMY TO LEVELS WHERE REDUCTIONS IN SIZE CANNOT BE OVERCOME BY MOBILIZATION AND EVEN OUR BEST QUALITY IS UNABLE TO SATISFY THE NATION'S NEEDS FOR GROUND COMBAT POWER. THE U.S. ARMY, BEFORE THE 1989 DECREMENT, DID NOT HAVE THE STRUCTURE IN BEING TO MEET THE JCS-RECOGNIZED WARFIGHTING REQUIREMENTS. THUS, A SIGNIFICANT LEVEL OF RISK HAS -- UNAVOIDABLY -- BEEN MADE MARGINALLY WORSE WITH THIS BUDGET.

WE MUST TAKE CARE TO MAINTAIN A FORCE THAT IS LARGE ENOUGH AND SUFFICIENTLY CAPABLE TO DETER OR DEFEAT THREATS TO OUR INTERESTS. WEAPONS AND EQUIPMENT ARE NOT THE HEART OF THE ARMY'S WARFIGHTING CAPACITY; QUALITY SOLDIERS IN WELL-TRAINED UNITS ARE. WE CANNOT BUY

REAL READINESS EVEN BY SUPERBLY EQUIPPING AN INSUFFICIENT OR INADEQUATELY POSTURED FORCE. WE MUST NOT FORGET THAT, TO AFFORD MODERNIZATION, WE HAVE IN THE PAST DECADE KEPT THE ACTIVE FORCE SMALL. TO MAKE IT SMALLER STILL IN THE 1990-94 PERIOD, WITHOUT A COMMENSURATE REDUCTION IN THE THREAT, IS NOT ADVISABLE.

Officer Strength Reductions

PRIMARILY AS A RESULT OF THE DISCIPLINED REDESIGN OF THE ARMY'S FORCES TO ENHANCE OUR ABILITY TO EXECUTE AIRLAND BATTLE DOCTRINE AND PROVIDE THE NEEDED COMBAT SERVICE SUPPORT, THE ARMY INCREASED ITS OFFICER STRENGTH IN RECENT YEARS. WE MADE THESE ADJUSTMENTS DELIBERATELY, OVER TIME, WITHIN THE ALLOTTED PERSONNEL RESOURCES, AND WITH THE KNOWLEDGE AND SUPPORT OF THE SECRETARY OF DEFENSE AND THE CONGRESS.

BEGINNING IN 1986, THE ARMY WAS DIRECTED TO ABSORB OFFICER STRENGTH REDUCTIONS. THESE REDUCTIONS, DETERMINED BY METHODS UNRELATED TO THE WARFIGHTING NEEDS OF THE COMMANDERS-IN-CHIEF AND WITHOUT DUE REGARD TO THE NEGATIVE CONSEQUENCES THAT WOULD RESULT, WILL CONTRIBUTE TO LOWER ARMY READINESS, CAUSE ADDITIONAL PERSONNEL TURBULENCE, AND RESULT IN UNAVOIDABLE DAMAGE TO MORALE.

AS WOULD BE THE CASE WITH FURTHER FORCE STRUCTURE REDUCTIONS BEYOND FY 1989, THE EXECUTION OF THE IMPENDING OFFICER REDUCTIONS IN FY 1989 AND FY 1990 IS INADVISABLE FROM THE STANDPOINT OF THE IMPACT ON OVERALL FORCE READINESS -- ADVERSELY AFFECTING THE ARMY'S ABILITY TO SUPPORT THE UNIFIED AND SPECIFIED COMMANDERS-IN-CHIEF, AND TRANSITION TO WAR UPON MOBILIZATION. I URGE FURTHER RECONSIDERATION OF THIS ISSUE BY THE CONGRESS. THE OFFICERS THAT WE WILL HAVE TO REMOVE FROM THE ARMY ARE REQUIRED AND PERFORM A SIGNIFICANT ROLE IN MODERNIZING AND SUSTAINING THE READINESS OF OUR CONVENTIONAL FORCES.

Conventional Forces Modernization

MODERNIZATION IS NOT AN EVENT OR MERELY THE INTRODUCTION OF THE

LATEST EQUIPMENT. RATHER, IT IS A CONTINUOUS PROCESS WHEREIN RESOURCES, SOLDIERS, MATERIEL, AND DOCTRINE ARE FUSED THROUGH INTENSIVE TRAINING TO PRODUCE THE INCREASES IN WARFIGHTING CAPABILITIES DEMANDED BY THE THREAT AND THE ARMY'S DETERRENT RESPONSIBILITIES.

ON THE EQUIPMENT SIDE, THE FY 1989 BUDGET HAS MAINTAINED THE MINIMUM, NECESSARY LEVEL OF MODERNIZATION. CRUCIAL WARFIGHTING SYSTEMS -- SUCH AS THE ABRAMS TANK AND THE BRADLEY FIGHTING VEHICLE -- WILL HAVE SOUND PRODUCTION RUNS, AND CHANGES TO OUR LONG-TERM AVIATION PROGRAM WILL PRODUCE MORE COMBAT POWER IN THE SHORT-TERM AND GREAT ECONOMIES AND INCREASES IN EFFECTIVENESS IN THE LONG-TERM. TOGETHER WITH THE AIR FORCE, WE ARE ON THE VERGE OF MAKING SIGNIFICANT ADVANCES IN OUR CAPABILITY TO EXECUTE DEEP OPERATIONS WITH THE ARMY-TACMS AND JOINT-STARS, AND THE CORRESPONDING SUITE OF C^3I IMPROVEMENTS. TAKEN TOGETHER, OUR CAPABILITIES FOR CLOSE, REAR, AND DEEP OPERATIONS WILL ATTACK NOT ONLY THREAT FORCES, BUT MORE IMPORTANTLY, THE ENEMY'S ABILITY TO EXECUTE HIS OPERATIONAL DOCTRINE AND ACHIEVE HIS STRATEGIC AIMS.

IT IS IMPORTANT TO KEEP IN MIND THAT OUR ONGOING MODERNIZATION EFFORTS ARE LONG OVERDUE. WE ARE NOT YET KEEPING PACE WITH SOVIET DEVELOPMENTS. IN THE LIGHT OF THE INF TREATY, WITH THE BURDEN OF DETERRENCE CONTINUING TO SHIFT TO THE CONVENTIONAL FORCES, WE ARE IN NO POSITION TO REDUCE FURTHER THE PACE OF MODERNIZATION. SOUND MODERNIZATION PROGRAMS WITHIN THE NORTH ATLANTIC ALLIANCE WILL ALSO BE A PREREQUISITE FOR ANY MEANINGFUL PROGRESS TOWARD AN EQUITABLE AND VERIFIABLE CONVENTIONAL ARMS REDUCTION AGREEMENT WITH THE EAST. THE HISTORY OF OUR NEGOTIATIONS BEARS CLEAR EVIDENCE THAT OUR ADVERSARIES WILL POCKET ANY UNILATERAL CONCESSIONS THE WEST IS WILLING TO MAKE AND WILL NOT RECIPROCATE BUT RATHER WILL SEEK TO PLACE US AT GREATER DISADVANTAGE AND RISK.

IN A SIMILAR VEIN, THE INF TREATY REMINDS US OF THE LONG-STANDING NEED TO COMPLETE THE MODERNIZATION OF OUR NONSTRATEGIC NUCLEAR

FORCES, PARTICULARLY THE FOLLOW-ON TO LANCE AND THE PROPER SIZING OF OUR ARTILLERY-FIRED ATOMIC PROJECTILE STOCKPILE IN ACCORDANCE WITH RECOGNIZED NATO NEEDS.

Training

I WANT TO CLOSE WITH A FEW WORDS ON THE SUBJECT OF TRAINING WHICH THE ARMY BELIEVES IS THE CORNERSTONE OF COMBAT READINESS, AND, THEREFORE, THE BASIS OF DETERRENCE.

TRAINING IS THE ARMY'S HIGHEST PRIORITY EFFORT. IT IS THE CRUCIBLE IN WHICH READINESS IS PRODUCED. IN VIEW OF OUR PRESENT CHALLENGES AND THE IMPORTANCE OF USING OUR CONSTRAINED RESOURCES TO THE FULLEST POSSIBLE EXTENT, THE ARMY HAS DESIGNATED 1988 THE "YEAR OF TRAINING" FOR THE TOTAL ARMY.

WE KNOW GOOD TRAINING MOTIVATES SOLDIERS AND LINKS SOLDIERS TO EQUIPMENT, INDIVIDUALS TO UNITS, AND UNITS TO THEIR DETERRENT AND WARTIME MISSIONS. TOUGH REALISTIC TRAINING TO HIGH STANDARDS IS THE HEART OF THE ARMY'S ABILITY TO EXECUTE ITS MISSIONS NOW AND IN THE FUTURE.

DESPITE THE HARSH EFFECTS OF THE BUDGET DECREMENT, THE ARMY WILL NOT BACK OFF FROM ITS DEVOTION TO TOUGH REALISTIC TRAINING AND PROGRESSIVE LEADER DEVELOPMENT. THE ARMY WILL CONTINUE TO USE THE COMBAT TRAINING CENTERS TO THE MAXIMUM EXTENT POSSIBLE TO MAKE OUR UNITS AND LEADERS MORE EFFECTIVE ON THE BATTLEFIELD. THESE CENTERS, WHICH IN THE FEW YEARS OF THEIR EXISTENCE HAVE ALREADY SIGNIFICANTLY IMPROVED THE COMBAT EFFECTIVENESS OF THE TOTAL ARMY, WILL ENJOY THE SAME HIGH PRIORITY IN THE FUTURE. THE ARMY'S EMPHASIS ON LEADER DEVELOPMENT, INCLUDING THE IMPROVEMENT OF THE JOINT DIMENSIONS OF PROFESSIONAL EDUCATION WILL CONTINUE TO GROW BECAUSE LEADER DEVELOPMENT IS THE PRINCIPAL TOOL WE HAVE IN SHAPING THE FUTURE ARMY OUR NATION NEEDS.

CONCLUDING STATEMENT

MR. CHAIRMAN, THE BUDGET BEFORE YOUR COMMITTEE WILL CONTINUE TO BUILD AN ARMY THAT ADDRESSES THE UNITED STATES' NEED FOR READY, SUSTAINABLE LAND FORCES. THE BUDGET IS A SOUND ONE, ALTHOUGH ONE IN WHICH WE HAVE BEEN FORCED TO CUT DEEPLY TO MEET OUR FISCAL CONSTRAINTS, AND ONE IN WHICH THE RISK ASSOCIATED WITH OUR STRATEGY INCREASES. THE ARMY NEEDS YOUR SUPPORT, THIS YEAR AND IN THE FUTURE, IF WE ARE TO MEET THE REQUIREMENTS OF OUR NATIONAL SECURITY STRATEGY.

AS YOU DELIBERATE ON AND DEBATE THIS YEAR'S AND SUBSEQUENT BUDGETS, I ASK YOU TO KEEP IN MIND THAT THE THREATS TO OUR VITAL INTERESTS ARE IN THE MAIN NOT MITIGATED BY OUR FISCAL DILEMMAS. THE THREAT DOES NOT NECESSARILY RESPOND TO OUR BUDGET DEFICITS. WHILE OTHER SPENDING PRIORITIES ARE PRESSING, THE FAILURE OF DETERRENCE WOULD BE IMMEASURABLY MORE EXPENSIVE THAN THE CONTINUATION OF A ROBUST, WELL-SUPPORTED, DEFENSE PROGRAM.

Senator **Levin**. General, thank you. Admiral Hardisty, welcome and why don't you proceed.

STATEMENT OF ADM. H. HARDISTY, USN, VICE CHIEF OF NAVAL OPERATIONS

Admiral **Hardisty**. Thank you, Mr. Chairman. I am very proud to appear before you and the distinguished members of this committee to represent the U.S. Navy today. Admiral Trost wanted very much to be here today, but he is out of the country. I will provide you with his views in expectation of the challenges facing our Navy, and with your concurrence I would like to submit the Chief of Naval Operations Posture Statement and his letter to Senator Warner of March 11, 1988 for the record and focus my remarks today as you suggested on a brief review of explicit linkages between the strategy operational requirements and the Navy authorization request for fiscal year 1989.

Senator **Levin**. That will be made part of the record.

[A letter addressed to Senator Warner and the prepared statement of Adm. C.A.H. Trost follow:]

Chief of Naval Operations,
March 11, 1988.

Hon. John Warner,
Committee on Armed Services,
U.S. Senate, Washington, DC.

Dear Senator Warner: Thank you for your invitation to appear before the Senate Committee on Armed Services on the 16th of March. Regretfully, I will be out of the country and unable to be present personally. The Vice Chief of Naval Operations, Admiral Hunt Hardisty, will represent me at the proceedings.

While Admiral Hardisty will be prepared to discuss the linkages between strategy, operational requirements and the Navy authorization request for Fiscal Year 1989 in some depth, I would like to make some preliminary comments on these vital subjects. Naturally, I would welcome the opportunity to personally provide you with my views at your convenience following my return.

Both the President, in his document on National Security Strategy, and the Chairman of the Joint Chiefs of Staff, in his recent statement before your committee, have stressed the critical role played by maritime forces in support of overall U.S. policy. As pointed out by the Chairman, our ability to prevail at sea is a cornerstone of our overall strategy.

America's position as the leader of an alliance composed of free nations, most of them adjacent to the world's oceans, requires maritime superiority as a prerequisite for execution of U.S. national military strategy. This judgment has been a primary factor in the rebuilding of American naval strength and acknowledges that U.S. vital interests extend into every region of the world. Attainment of maritime superiority is the only reasonable and logical course of action for an island superpower responsible for the well-being of a truly global military alliance. Inescapable geopolitical realities underlie a U.S. national security strategy whose key elements—deterrence, forward defense, and alliance solidarity—each require maritime power.

Deterrence of war has been the cornerstone of American policy since the dawn of the nuclear age, but it has evolved into a concept much broader than nuclear deterrence alone. Naval forces provide that rare blend of capable and ready forces, able quickly to inflict unacceptable damage upon any aggressor, at any level across the spectrum of conflict, almost anywhere on the globe. The strategic submarine force, the most survivable leg of our nation's strategic nuclear triad, epitomizes deterrence in its purest form. Beyond nuclear deterrence, however, potential aggressors must take note of a fighting force which can apply force precisely and suddenly, independent of precarious supply lines, foreign bases, or overflight rights.

Forward defense resonates with America's desire for extended security and takes into account the location of friends on the alliance peripheries, in addition to our exposed states and territories. Through forward defense, we not only provide physical protection of our own interests but we also place military forces in strategically desirable locations to bolster alliance cohesion in times of crises, to safeguard vital sea lanes most effectively and to support ground operations in time of war. As the President commented in this National Security Strategy report, "the capability of Navy and Marine Corps forces to project and sustain military power in areas distant from our shores is of particular importance, given the central position of the Soviet Union on the Eurasian land mass and the fact that many of the United States' most important allies are located on the Eurasian periphery, accessible from the sea."

Alliance solidarity is a key element of U.S. security strategy because our friends and allies overseas constitute both a vast economic and industrial base far superior to the communist bloc, and a large portion of the extant military capability of the West. The ability to control the connecting oceans provides the assurance that American strength will be able to work in concert with our allies to defend their territory and our extended interests. For most of our allies, the most visible manifestations of that strength are the personnel, ships, submarines, and aircraft of our forward deployed fleets.

Our national security strategy is a reflection of the turbulent and dangerous global environment in which our country operates. The insistent realities of Soviet power mandate a sustained emphasis on national defense and particularly on maritime superiority. The Soviet Union continues to expand its ability to threaten U.S. allies and our extended security through an inexorable growth in military capability, most particularly an increasingly capable, globally-positioned Navy. When the world's predominant land power continues to develop an impressive maritime capability, able to contest control of an expanding portion of the world's oceans, we, as an island nation and leader of a maritime coalition, must be concerned with and responsive to that reality.

In addition to the Soviet threat, informed analysis of the changing global security environment, exemplified by the report of the Presidential Commission on Integrated Long-Term Strategy, indicates that the U.S. faces a growing challenge in the Third World. The diffusion of advanced technology weapons, particularly to developing countries, coupled with deteriorating U.S. access to bases and declining overflight privileges, will place a far greater reliance on forces that can operate forward without need of complex logistical support. Without question, the changing security environment will mean increasing demands on the naval forces that have so often been at the cutting edge of U.S. security policy. Naval forces that enjoy the unique advantage of being able to signal commitment and intent—and if necessary, menace—without violating sovereignty, and once the need is past, can depart without signalling retreat.

Within the context of the role of maritime forces in the U.S. national security strategy, the Navy has four basic missions which essentially serve as the link between that strategy and specific budgeting programs. Those missions are Sea Control, Strategic Deterrence, Power Projection and Strategic Sealift.

Operational requirements flow from the specific tasks that our Fleets are called upon to perform at sea, day-in and day-out in fulfilling the Navy's missions. Those tasks range from the silent, undetected strategic deterrent patrols of our Trident submarines to the dramatic and highly visible performance of our surface forces in conducting tanker escort operations in the Persian Gulf. Collectively these operational requirements are the driving force behind our authorization request.

Identifying operational deficiencies in our capabilities to execute assigned missions is an ongoing challenge for the Navy, as it is for all the services. During this year's budget preparation cycle, I drew extensively upon the deficiencies identified by combatant commanders and fleet commanders-in-chief, who are closest to the actual execution of specific operational tasks and Navy missions. Their comments and subsequent analysis by my staff enabled us to develop a budget that is in fact a direct reflection of operational requirements.

From this process, two overriding priorities emerge directly:

Safeguarding total Navy capability, readiness and performance.

Ensuring that we continue to attract and retain those quality people so necessary to our continuing success.

In contemplating the rule of naval forces in our national strategy, noting the demands placed on those forces in peacetime as well as those they will face in war, and assessing the operational requirements of the combatant commanders, one underlying reality strikes me clearly. Our strength, our real advantage over the Soviets, is imbedded in the ingenuity, leadership and warfighting skills of the individual American serviceman. For the naval officer, these traits must be developed and honed through repeated experience in the demanding environments of naval warfare. The greatest majority of an officer's professional experience must—of harsh necessity—be in his or her warfare or warfare support skills. You must know your own systems, technology and procedures before you can build, successfully, an effective and working interface with the other services. Title IV of the Defense Reorganization Act of 1986 will, by its joint education and joint duty requirements, undermine our competitive advantage in warfighting skills. Our most talented officers are now compelled (if they want to be flag officers) to move from the business of perfecting the warfare skills necessary to fight at sea and move toward an uneven focus on general staff and administrative development.

Certainly, a better job could be done of seeing that all our officers have a firm grasp of what is expected of them as they operate in a joint environment, at sea or in Washington or on a joint staff or unified command; but, the driving concern must always be the fullest possible development of warfare skills. If we have mastered those, then the fine art of strategic planning will be well applied. If we do not provide the sea-going experience and professional exposure that result in the necessary mastery of those skills, we sacrifice the full leverage of our greatest strength, the trained and experienced warfare specialist. At that point, the potential for costly miscalculation and misdirection in the employment of the forces entrusted to our care will develop. We, as a nation, cannot risk that peril.

I firmly believe that we are applying time honored principles of sound naval strategy to our concepts for warfighting at sea. For over forty years, our national military strategy has depended on the principles of forward defense, alliance solidarity and deterrence to keep the peace. The Navy's role as the maritime element of that strategy has been absolutely critical, and generations of naval officers have contributed to the refinement of the maritime concepts of operation that we practice today. Our maritime strategy is solid, coherent, and, coupled with our well trained and armed fleets, a unique deterrent and real concern to our principal adversary, the Soviet Union. It incorporates the fundamental and well understood principles that have kept the global peace intact for the longest period of time free of world war in this century. When all is said and done, that is good strategy.

I have sent a similar letter to Senator Nunn, and look forward to working with both of you and the remainder of the Committee during this second session of the 100th Congress.

Sincerely,

C.A.H. Trost,
Admiral, U.S. Navy.

A REPORT BY ADMIRAL C.A.H. TROST
CHIEF OF NAVAL OPERATIONS
ON THE POSTURE AND FISCAL YEAR 1989 BUDGET
OF THE U.S. NAVY

INTRODUCTION

Mr. Chairman, I am very proud to appear before you and the distinguished members of this committee to represent the United States Navy. My statement this year focuses on the work of today's Navy in daily real-world operations that directly support national security interests around the world, on the question of the continued affordability of such an effective Navy, and on my priorities for the Fiscal Year 1989 Budget. Highlights of the Navy's budget request are attached as an appendix to this statement.

TODAY'S NAVY

The Navy today is more ready than ever to fulfill the Nation's commitments and to support our long-standing national security strategy of deterrence, forward defense and alliance solidarity. Navy men and women are at sea in ships and aircraft throughout the world, day-in and day-out, every day of the year, communicating impressive military strength and practiced capability to friends and allies as well as to potential adversaries. The distributed presence of those deployed forces -- forward -- on the world's oceans and in waters adjacent to friends, allies and the Soviet Union, gives tangible evidence that the United States remains committed to freedom of the seas and is able to protect that freedom in ocean areas vital to its national interests.

The American imperative for maritime power begins as a fundamental requirement for an island nation, dependent on world commerce, to have free use of the world's oceans. It is compounded by the emergence of the United States as a world power, with worldwide interests and alliance commitments to nations which are themselves islands or located in strategically exposed positions. To such a nation and such an alliance, freedom of the seas is a prerequisite for economic and political survival.

The insistent realities of Soviet power require a sustained emphasis on national defense and maritime superiority. The Soviet Union continues to expand its ability to threaten U.S. allies and our extended security through an inexorable growth in military capability, particularly an increasingly capable, globally-positioned Navy. When the world's predominant land power continues to develop an impressive maritime capability, able to contest control of an expanding portion of the world's oceans, we, as an island nation and leader of a maritime coalition, must be concerned and responsive.

In addressing the Soviet threat, the notion of "competitive strategies" has long been a part of the Navy's philosophy. Our maritime strategy for employment of a strong and effective Navy exploits Soviet weaknesses. It strengthens deterrence by forcing the Soviet Union to face a most unpalatable and deterring prospect: that any conventional war they initiate with the West could be protracted, global and fought by a unified maritime alliance in places and ways not of their choosing. Our forward posture is the most strategically sound concept to ensure that our allies have tangible support, our lines of reinforcement and resupply are not challenged, our own coasts are not threatened, and technological advantages are best exploited. It allows the full weight of Western capability to face the Soviets and removes their preferred option of a short, single front war. The concepts of employment embodied in the maritime strategy fully support the national military strategy. They do not reflect the assertion that the Navy wants to go it alone, or that the Navy has adopted a forward strategy as a rationalization for a large Navy; they do reflect the realities of our global interests and the threat to those interests.

The Soviet Union is our primary adversary; however, we believe the strength of our deterrent capabilities has made global war against that adversary an unlikely possibility. To preserve the effect of that deterrent, we must be fully prepared to fight such a war. In addition -- and of increasing concern -- international violence remains at high levels in the forms of terrorism, political crises and regional conflicts. Our national leadership has called on the Navy to enforce U.S. national security interests more than 200 times since the end of World War II. Naval forces have been the "force of choice" because they enjoy the unique advantage of being able to signal commitment and intent -- and if necessary, menace -- without violating other nations' sovereignty, and once the need is past, depart without signaling retreat.

The focus of attention on U.S. military activity over this past year has been on the Persian Gulf. Military operations in the Gulf region are but the most recent confirmation that a maritime superpower faced with a wide range of global interests and a shortage of overseas basing opportunities must look to its Navy to execute national security policy in peacetime and to be its cutting edge in conflict. It is neither exceptional nor surprising that 97 percent of all U.S. servicemen in the Middle East are aboard ships. The Navy has established effective minesweeping, convoy, escort and freedom of navigation operations in the region as well as a credible air and power projection capability to hold in check attempts by regional belligerents to expand the scope of hostilities. These successful operations have not required basing rights or the acquiescence of friends or allies to put our forces in place.

Equally important, while substantial naval forces were in place and operating on both sides of the Strait of Hormuz, routine naval operations were also conducted around the globe -- from the Arctic to Antarctica---off Northern Europe, the Soviet Far East, South America, West Africa, Southeast Asia, and Central America---in the Mediterranean Sea, the Black Sea, throughout the Caribbean and Micronesia. Every operation, from strategic deterrence to drug interdiction, had a real world Purpose, with most directly supporting vital diplomatic objectives.

These activities point out vividly that there is no substitute in today's world for the flexibility, mobility and capabilities of today's Navy. As overseas base access continues to contract in the future, I expect even greater demands on these relatively self-sufficient forces.

I attribute the sound state of the Navy today to a well considered rebuilding program over the last decade and to our greatest resource---the Navy man and woman.

Improvements in readiness and sustainability have been the most dramatic product of the recent defense revitalization, even though force structure increases seem to receive the greatest attention. For example, the time that surface ships are free of debilitating material casualties has improved 61 percent, and aircraft full mission capable rates improved by 66 percent, from 1981 to 1987. During that same period, overall ship readiness increased 125 percent and overall aircraft squadron readiness increased an impressive 264 percent.

As for our people, their unparalleled performance has been the keystone of the Navy's success. Career professionals, together with young men and women fresh out of high school, demonstrate a standard of character that far exceeds the norm of American society. These Navy personnel routinely evince a selfless dedication to service and strength of character which enables them to meet the challenging requirements of national commitment, including extended at-sea periods, the stress of high risk assignments and duty as representatives of the United States overseas. They have my admiration and complete support.

CAN WE AFFORD AN EFFECTIVE NAVY?

The answer to the question of whether we can afford an effective Navy is simple: we can.

The imperatives of the requirement to reduce the federal deficit are universally understood. A strong economy is an important element in a strong national security posture; and we in the military appreciate the importance of social and other domestic programs---particularly education. However, the irreducible need for a strong defense is agreed to by all responsible Americans as the bedrock upon which our ability to support other national programs rests.

So much rhetoric has been advanced in the name of cutting the defense budget to redress the federal deficit that the real facts about the relationship between the defense budget and the federal deficit have been obscured. Many people, even some who are ostensibly well-informed, have accepted the argument that defense spending in this decade has all but bankrupted the Treasury, and that the Navy has absorbed far too much of the defense appropriation to build a 600 ship fleet. Regretfully, those arguments have been so widely advanced that assertions to the contrary are now greeted with ridicule.

But the facts, if viewed without emotion, tell another story. They indicate that we can afford a strong defense and that if a service's budgets were to be determined based on utility in the real world, the Navy budget should be allowed the moderate growth necessary over the long-term to sustain an effective Navy.

The most common method of determining a nation's commitment to its defenses is the proportion of its gross national product devoted to defense spending. Today, the U.S. defense budget is about 6.0 percent of the GNP. In 1969, the last year of a balanced budget, defense spending accounted for nearly 9 percent of the GNP. During the past 20 years, the period over which most of our national deficit was amassed, there was a 7 dollar increase in non-defense programs for every 1 dollar of growth realized in the defense budget. Given these facts, it is difficult to support an argument that the recovery of our defense strength in this decade is responsible for the budget deficit.

While the investment in capital required to rebuild the Navy has been considerable, the Navy's share of the defense budget before and during the period of the buildup, far from increasing as some critics have contended, has remained essentially steady. That fact, in combination with the central reality that the Navy has continued, year-in and year-out, to carry a major part of the burden of national security commitments in forward areas, would indicate that continued Congressional support of an effective Navy is a sound investment.

At the beginning of this decade, the administration and Congress made a significant commitment to support a well thought out and strategically sound building plan, designed to meet the military threat of the Free World's major adversary. The military capability represented by the currently funded Navy force level -- a balanced, ready and modern force centered on 15 aircraft carrier battlegroups, 4 battleship battle groups, 100 attack submarines, and adequate amphibious and support forces -- is the minimum capability necessary to meet the threat. It comprises the best possible mix of offensive and defensive naval forces ever assembled. In building that military capability, the American people, through Congressional action, amassed a significant capital investment in a strengthened and ready Navy. Yet, historical examples show us that after every successful rebuilding program, there has followed a major reduction in funding which would not sustain the readiness attained by that effort. Recoupment from these retrenchment periods, unfortunately, required even greater expenditures. The costs of resuscitating a declining Navy only nine years ago should give sufficient pause to consider the consequences of allowing such a decline ever to occur again. Should we fail to protect our investment in people, equipment and readiness, the results may not be immediately apparent; but we should not deceive ourselves about the inevitable consequences. National interests, responsibilities and tasking will continue to require timely, responsive and positive action by ready Navy forces. The Navy does not establish these national commitments, but as has been noted previously, it is the force that has been historically relied upon to meet them. A lack of sufficient funding to sustain a ready Navy will impact on our ability to meet such taskings and properly support national interests.

With diminishing Congressional support of the recent defense recovery, the ability of the Navy to sustain or afford a balanced, ready, and modern force is being increasingly questioned by defense critics. Given that Navy force levels currently funded represent the minimum capability based on military requirements that is necessary if we are to meet the wartime threat, and given that the Navy is to do the "peacetime" job that is asked of it -- and has been repeatedly asked of it over time -- the Navy must be made affordable.

Simply put, if we want a credible and effective way to continue to be able to operate across the entire spectrum of conflict, from violent peace -- as we are today -- to war, it is our shared responsibility to make the measured intelligent choices that will provide the support necessary to maintain the value of the investment that the Nation, through Congress, has made in an effective Navy.

In the long-term, a prudent and minimal level of real program growth is required to support the capability attendant to an effective Navy. In the short-term, negative growth for four of the last six years has been overcome through continued innovative approaches and efficiencies. We are fast reaching the limits of those techniques. Long-term zero or negative growth will result in retrenchment leading to a smaller Navy with diminished capacity to support the national strategy in peace or war. In such a clearly undesirable eventuality, we would have to reconsider our national security objectives and forward military strategy or find another, and heretofore elusive, way to protect our forward interests.

The Navy's overall annual growth rate from 1980 to 1989 is 3.1 percent; included in that figure are the levels of capital investment necessary to restore the depleted condition of our maritime forces. And despite what some defense critics might assert, the Navy has achieved balanced growth over the period. Force structure has seen the lowest annual growth over the period (1.6 percent), a rate virtually half of overall growth; sustainability grew at an annual rate of over 5.7 percent and peacetime ordnance levels have never been higher. In fact, the Navy has had less real program growth during the 1980-89 Defense recovery than the other services:

COMPARISON OF REAL PROGRAM GROWTH AND SHARE OF DOD RESOURCES

(FY 80-89)

	Annual Real Program Growth	Change in share of DOD Resources
Army	3.3%	+.6%
Air Force	4.8%	+2.1%
Navy	3.1%	-3.1%

With this lower growth rate, we are still proceeding toward our goal of a 600 ship Navy and will have fielded well over one-half of DOD's new systems in the eighties. Notably, the money invested in the Navy has gone directly into warfighting capability to meet our national military requirements.

With the buildup to minimum required force levels essentially behind us, the Navy has shifted to a sustaining mode, with a greater share of resources programmed for readiness and sustainability for the next five years than for the last five. We plan to maintain capability and current high levels of readiness, while continuing to improve sustainability levels. To accomplish this dual path will require some real growth over the long-term. Studies have identified a desirable range of 1.4 to 3 percent annual long-term real program growth to sustain the Navy that has been built. Those figures are in line with the average of 2.5 percent per year the Navy's budget has grown since World War II. Over the same period, GNP has grown roughly 3 percent per year on average. Whatever the required number, it is clear that a minimal and prudent level of real growth is required to support the capability represented by a thoughtfully designed and effective Navy while pacing the threat over the long term.

As I have noted earlier, in four of the last six years, the Navy has suffered declines in Program growth. In this austere environment, we have managed not only to keep our shipbuilding goals on target but to maintain the readiness levels of our forces and to vastly improve their sustainability. By any historical standard, our ships and aircraft are battle ready for sustained conflict. Our ammunition bins average nearly 100 percent more ordnance than just 5 years ago, and our sailors are confident that they can use their weapons to fight and win. These accomplishments have been achieved through innovative business strategies as well as management economies including competitive contracting, organizational streamlining, and strict controls to eliminate goldplating. We operate the fleet more efficiently today with expanded use of shore-based trainers and stricter requirements governing the operating schedules of fleets. These efficiencies have been largely implemented; further efforts in these areas, though still being aggressively pursued, are producing diminishing returns.

In summary, the Navy has managed to remain on course with our sails trimmed for several years; but there is a limit to our ability to continue on that tack. We are not going to field a "hollow" Navy. The balanced fleet that you have built is the right fleet for our national strategy. It is clear that our ability to sustain that fleet's capability over the long-term will require a reasonable level of sustained real program growth from the Congress. When key decisions were made to rebuild the fleet, Congressional support was present and necessary. Now that the rebuilding effort is largely complete, I urge you to support the reasonable growth required to keep your magnificent Navy ready to fully support and defend U.S. interests on the world's oceans -- in peace and war. We must not permit the value of a wise and foresighted investment to diminish as we work together to meet the challenge of maintaining a strong defense in a constrained fiscal environment.

BUDGETARY PRIORITIES

The FY 1989 budget requests the minimum level of resources necessary to maintain the Navy's momentum. It reflects two overriding priorities:

o Safeguarding total Navy capability, readiness and performance.

o Ensuring that we continue to attract and retain those quality people so necessary to our continuing success.

There is nothing more critical to the state of the Navy than the recruitment and retention of quality people. Their superb dedication and matchless character are on display, underway and ashore, every day. My top budgetary priority reflects the need for adequate enlisted and officer end-strength, fair pay and benefits, a judiciously applied selective re-enlistment bonus, sufficient PCS funds, aggressive recruiting programs, and a reasonable quality of life for our people.

For several years, end-strength was not allowed to increase commensurate with force structure growth. We have mortgaged the shore and support establishment to keep our fleet fully manned. Continued failure to provide the necessary manpower to effectively man, operate and support the Fleet will inevitably result in adverse impact on the sea-shore rotation of our sailors, a majority of whom now can expect to spend more than 55 percent of their Navy careers on sea duty -- a percentage growing annually. A separate but related issue is the adequacy of PCS funds. Without an appropriate level of PCS funding, an adverse impact on tour lengths, and thus on sea-shore rotation, is likely. The consequence of an increasingly arduous sea-shore rotation pattern and lack of PCS funds may well be, as it has been in the past, a delayed deleterious impact on retention.

Even more critically, an already lean officer corps, just beginning to recover from the ravages of the 1970s, is simply unable to absorb reductions coincident with the growth in afloat operational billets. Sustained, reasonable levels of Navy officer end-strength are essential if we are to maintain the readiness and capabilities of our operating forces.

As a related and pressing issue, I am concerned about the impact on our officer distribution of Title IV of the DoD Reorganization Act of 1986. As I testified at hearings on the subject last May, at a time when our officer strength is already very lean, we are constrained in our ability to fully implement the provisions of Title IV. As I noted during those hearings, I fully understand the temptation to defer consideration of changes in the law on the presumption that we ought to try it for a while and see if it works. We will do that, of course, where legislative relief is not provided -- but I feel compelled to state unequivocally that we do have the experience and professional basis now to know that there are some aspects of the law in the area of joint duty requirements that need to be changed now or their effects in even one or two years will be such that the cost of recovery will far outweigh the 'benefit' of having demonstrated those effects.

Diverting warfighters to staff duty in the numbers required by Title IV will unquestionably have an adverse effect on our operations at sea. Through some form of legislative relief, I believe we can achieve without delay the reasonable goal of enhancing the joint qualifications of our uniformed leadership while maintaining our operational excellence at sea.

One warfare mission area of vital importance, in which the challenge of the future is particularly intense, is ASW. The Soviet submarine force now includes several classes of nuclear submarines incorporating major gains in acoustic quieting and combat systems sophistication. Continued advances in the quality of that force lead me to rank ASW as my central warfighting concern. The U.S. lead in ASW is substantial, but narrowing more rapidly than earlier estimates. We must give increased priority to programs which improve our ability to detect and successfully prosecute a more sophisticated adversary.

The physical condition of the Navy's shore support facilities has deteriorated as a result of budget and funding constraints thus resulting in lower shore support facility readiness and declining support for a more sophisticated fleet. We can no longer afford to defer replacement and maintenance of essential support facilities. Similarly, we must replace aging family housing, particularly for junior enlisted personnel stationed in high cost areas. I urge you to consider most carefully what we must do to correct the existing critical backlog of building construction and renovation, crucial to train personnel, sustain reasonable quality of life, and support fleet readiness.

The outlay character of research and development funding has made that area particularly vulnerable to significant budgetary cuts over the past several years. I am concerned, given the imperative that we maintain our competitive technological advantage, that we not mortgage the future for fiscal expediency. We must preserve fiscal support for fundamental research and the development of those enabling technologies with the greatest promise for future leverage.

APPENDIX I

MAINTAINING THE EDGE: FY 89 NAVY BUDGET REQUEST

International realities and the fundamental requirements of U.S. national security strategy demand a consistent commitment to maritime power. The nation's investment in its Navy over the past few years has demonstrably strengthened our maritime posture and produced concrete improvements in all aspects of naval capabilities. The American people have gotten their money's worth in a Navy that is ready and able to respond promptly and professionally, in conflict, crisis, or peace.

Because the state of the Navy today is sound, we can sustain recent accomplishments and meet future challenges with very modest growth. The Navy budget, I believe, requests the minimum level of resources necessary to maintain our momentum and meet those challenges.

The Navy budget requests a Total Obligational Authority of 87.6 Billion for FY 89, representing a decline of 9.5 percent in real terms from FY 88 appropriations. This budget reflects my two overriding priorities: safeguarding material gains in total naval capability, readiness, and performance; and as the most important factor in this, ensuring that we continue to attract and retain those quality people so necessary to our continuing Success. Consequently, the budget stresses readiness and sustainability, although as Figure 1 shows, we continue to strike an appropriate balance among all four pillars of naval capability.

NAVY TOA BY PILLAR FY 89

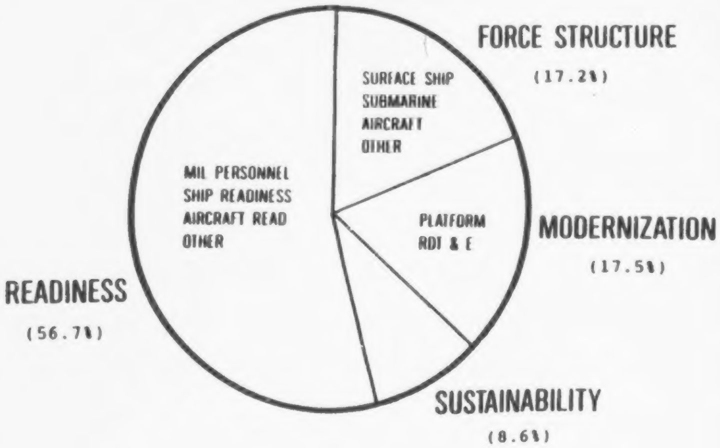


FIGURE 1

Readiness funding comprises 56.7 percent of TOA, reflecting our commitment to provide a force able to respond promptly and effectively to national needs despite tight budgets. Sustainability, at 8.6 percent of TOA, has shown the most growth since 1980 of all the pillars, and reflects our determination to support operational commanders' requirements for adequate numbers and quality of weapons and other material. Requested modernization funding, at nearly 17.5 percent of TOA, is sufficient to achieve a balanced program of systems and hardware improvements. Lastly, force structure funding continues to decline as a percentage of TOA as reflected in Figure 2. We have made considerable progress in recovering from the force structure deficit of the late seventies, and the force structure pillar's 17.2 percent share of TOA reflects an ability to sustain force levels with a modest investment.

FOUR PILLAR TRENDS
CONSTANT DOLLARS

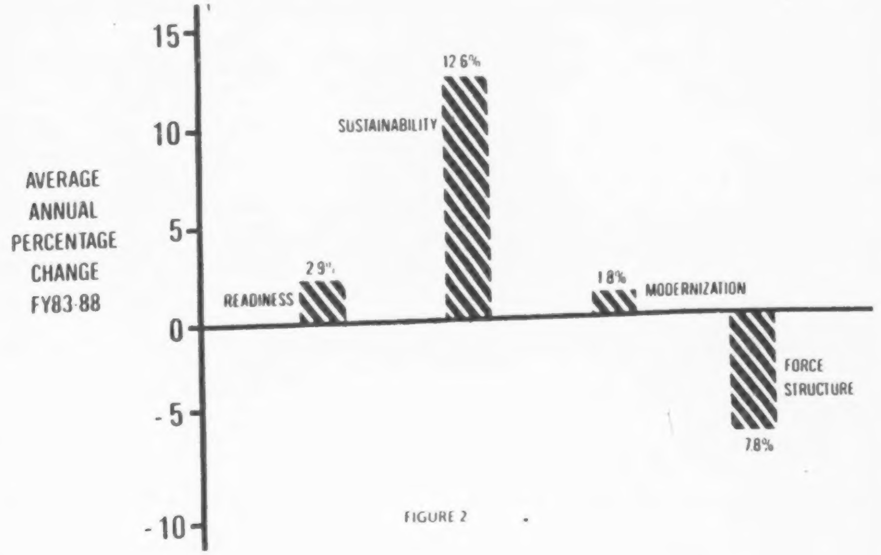


FIGURE 2

Readiness

Readiness funding includes the costs of training, operating, and manning naval forces to carry out their assigned missions. It encompasses military personnel and their salaries, fuel, maintenance and repair for ships and aircraft, training costs, spare parts and other support items. In short, readiness is the day-to-day cost of operating the Navy.

Approximately one-third of this request is for military personnel. I place my highest priority on programs that support people -- our most perishable asset. The Navy's growth in ships and aircraft has already placed a strain on our available manpower. Large numbers of good sailors must be recruited and retained in an ever more competitive environment. This budget emphasizes the importance of proper manning and the stability of our benefit program as essential to the sustenance of maritime power. Although current fiscal constraints have forced us to accept zero growth in this budget, over the long term, measured and minimal growth in Navy end-strength is essential if we are to maintain the readiness and capabilities of our operating forces.

Officer manning in the 600 ship Navy is at the very heart of our capabilities. Without sufficient numbers of first-rate officers, we cannot effectively operate our ships and aircraft. We are a lean, well managed force. The Department of the Navy officer-to-enlisted ratios are the lowest in the Department of Defense. We have long since trimmed the fat from our officer manning. The Navy has consistently planned for growth in the officer corps in 1987-1989, in order to man the ships scheduled to enter the fleet during that time. To mandate any further cuts in Navy officer end strength will destabilize the Fleet and ultimately jeopardize the substantial national investment we have all made in a capable 600 ship Navy.

We face a declining pool of eligible and qualified young people from which to recruit, a result of extraordinary competition in the recruiting market -- from colleges and universities as well as other services -- and a declining propensity among eligible youths to serve in the Navy. The recruiting and advertising budget in our request is especially critical if we are to keep pace with the changing market of eligible manpower.

Retention is of equal importance to recruiting in keeping the current amount of experience in our manning structure. In this regard the Selected Reenlistment Bonus (SRB) program has resulted in excellent recent improvements in some critically short areas. The retention of enlisted supervisors serving in nuclear power surface ships improved from 35 percent in 1982 to 54 percent in mid-1987 as a direct result of Congressional approval to lift the ceiling on SRB payments for critically short ratings. However, gaps in SRB funding can still jeopardize our excellent progress in retaining experienced sailors serving within critical sea-going ratings. Last October, for example, average retention in certain specialists dropped from a norm of 40 percent to about 10 percent when SRB funding was cut off between approved budgets. SRB remains a critical retention tool.

The Navy's most serious officer shortages are in nuclear-propulsion qualified officers and mid-grade aviators.

Today we have a 20 percent shortage of experienced nuclear-trained officers in the grades of lieutenant commander through captain. These officers are required as commanding officers, executive officers, and department heads at sea as well as for key fleet support billets ashore. For the second consecutive year, submarine officer retention is down. The surface nuclear-qualified officer community faces serious projected shortages. Enhancements to Nuclear Officer Incentive Pay enacted in FY 86 will enable us to increase the pool of nuclear-trained junior officers, and we have requested a two year extension of that vital program.

Due to competition with a strong civilian marketplace, the shortage in junior aviators is now in excess of 1,000 pilots. To date, this shortage has been managed by monitoring officer distribution closely, but it is being felt in shore billets and is beginning to impact negatively on the personal and career needs of individual aviators. Aviation Officer Continuation Pay (AOCP) provided increased compensation and achieved a strong response when introduced in 1981. In FY 87, only half of those eligible accepted an AOCP contract, due in part to a steady decrease in its net value. To avoid unacceptably high loss rates of experienced aviators, AOCP needs to remain as an effective primary compensation tool.

Another key to the retention of a superbly trained cadre of professional Navy men and women is our wide variety of quality-of-life programs. These include active health and physical fitness training, "zero tolerance" for drug abuse, the personnel excellence program with its many educational benefits, equal opportunity efforts, an outstanding health care system, and many other low-cost, high-payoff programs. In particular, the Navy has undertaken a recent series of new initiatives and efforts to improve the quality of medical care. As part of a comprehensive approach to medical needs, we have increased training for our health care professionals, established a number of primary medical care clinics to improve day-to-day access to care, and are examining better ways to balance care between our own facilities and contracted civilian alternatives.

Finally, our efforts must also include funds for the total force. The main objective behind the management of the Naval

Reserve is the logical and efficient strengthening of the Navy's warfighting capacity through a process of horizontal integration. Having determined the extent of the reserve requirements, we then equip them with front line weaponry and integrate these units into fleet operations, tactical training, and war planning. Indeed, today's Naval Reserve has evolved from the rigid concept of training purely for mobilization. Rather, as evidenced by events in the Middle East, the probability that Naval Reserve units will serve worldwide in peacetime contingencies has never been higher. Our reservists are making a vital contribution to the health of today's Fleet, and their efforts in manning front line combatants, including Oliver Hazard Perry-class guided missile frigates, is indicative of their commitment and competence.

Sustainability

Sustainability comprises funding for stocks of weapons, reserve forces, and war reserve material that are the Navy's staying power in conflict. Logistics requirements, central drivers of our ability to conduct sustained warfare, include demands for timely delivery of fuel, spares and repair parts. Given that national strategy requires planning for protracted conventional war, this area of the budget is critical and has consistently been a high priority of Navy and Unified commanders.

Navy's sustainability account has risen steadily over the past nine years. Its real growth over the last six years has been 13 percent. However, the account remains susceptible to budget cuts partly because its results are not immediate. Some weapons bought with FY-83 funds are just now arriving in our shipboard magazines. Stocks on hand are 20-60 percent larger today than in 1981 and expected deliveries this year will improve even these percentages.

Navy planning objectives for threat ordnance are predicated on the assumption that Navy platforms will not run out of weapons prior to war termination. Stocks of surface-to-air missiles' air-to-air missiles, cruise missiles, torpedoes, and sonobuoys are beginning to approach these objectives. Stable and sufficient funding in this area will allow attainment of objectives in the early 1990's.

Modernization

Modernization includes all Navy research, development, testing, and evaluation (RDT&E), fleet modernization or ship alterations, and aircraft and weapons modifications. This funding allows improvements in current platforms and systems as well as research and development for future improvements. Over the past six years, modernization has grown annually 2 percent in real terms. This funding area has, however, suffered from recent budget-tightening action and is now programmed to drop in FY 88-89.

Investment in modernization of ships and aircraft allows us to maintain technological superiority over potential adversaries and threats. Since we are outnumbered by the Soviets at sea, we have maintained a qualitative edge by leveraging American advantages in technology, quality design, innovation, and construction. This advantage is increasingly difficult to retain as the Soviets show a commitment to qualitative as well as quantitative improvements. The Soviet submarine force exemplifies this competition as they improve in quietness and capability. The quality factor on which the Navy depends for superiority in combat can only be preserved through aggressive fleet modernization.

The heart of Navy modernization efforts is a vigorous program of basic research, exploratory development and advanced technology development essential to exploitation of new technologies and ideas contributing to current and future tactical improvements. Our strengthened independent test and evaluation program is fully in consonance with DOD's increased emphasis on the role of operational testing in the acquisition process. The FY 1989 budget request continues this fundamental emphasis on new ideas and systems innovation, and provides funding stability for advanced projects and concepts, particularly in ASW, supported under last year's budget.

Of critical importance in maintaining modern forces at sea is a robust and survivable architecture for overall battle management. We must maintain our lead in space, electronic warfare, and command-control-communications and intelligence (C3I). Without active space systems fully integrated with our forces at sea, we will become hard pressed to effectively control widely dispersed, highly mobile fleets.

Major strategic programs include continued modernization of our sea-based strategic deterrent, notably development of the Trident II D-5 submarine-launched ballistic missile with its prompt hard target kill capability. The Navy budget includes funding for 66 D-5 missiles in FY-89. These missiles will outfit the new Trident submarines scheduled to operate from Kings Bay, Georgia and support necessary operational tests subsequent to initial operational capability in 1989.

The Fleet Modernization Program calls for continued incorporation of technological and warfighting improvements in existing systems and ship classes. For example, the advanced capability provided by vertical launching systems for new Aegis cruisers will be incorporated in alterations to many Spruance class destroyers, giving these proven ASW platforms greatly increased magazine loadouts, flexibility and capability for ASW weapons and cruise missiles. Advances in AAW include an upgraded Navy Tactical Data System aboard cruisers and aircraft carriers, and New Threat Upgrade for major combatants to improve response time and threat-handling capabilities.

Anti-submarine warfare modernization receives emphasis in air and surface development programs. For example, the SQQ-89 Integrated ASW Combat System increases the passive towed array search and processing capability of surface ships and their embarked helicopters by orders of magnitude over earlier systems. The follow-on SQQ-89 Improvement Program will add an advanced low frequency active sonar, essential to keep pace with the quiet threat projected for the future. Fiber optic technologies are being investigated as a way to achieve major cost reductions compared with conventional fabrication techniques. Improvements are being incorporated in airborne ASW with the Update IV avionics in the P-3 aircraft. For use in the current P-3C and the follow-on maritime patrol aircraft, this update will provide vastly improved non-acoustic radar and electronic detection capabilities along with a significantly improved signal processor. Our ASW weaponry is expected to make great strides in accuracy and lethality with the forthcoming Mark 50 air/surface-launched torpedo and the advanced capability Mark 48 sub-launched torpedo. Both weapons are crucial to keeping the technological edge; they also pose a formidable challenge to the enemy for their depth, quietness, and speed.

Besides enhancing unit effectiveness, technological improvements in individual ASW platforms and weapons will add to the aggregate ASW capability of the force. This is the greatest payoff against tougher targets. More than ever, the successful ASW campaign of the future is likely to hinge on the aggressive coordinated application of surface, subsurface, air, and surveillance resources, capabilities, exerting vigorous, steady pressure on the enemy below.

Strike and Anti-Surface Warfare capabilities have been significantly upgraded by the marriage of Tomahawk Anti-ship Missiles and the Submarine and Surface Ship Vertical Launch System. Equally important for Anti-Surface Warfare is the increase in our over-the-horizon detection, classification, and targeting capabilities through advance technology options including inverse synthetic aperture radar (ISAR). Programs are in place that add ISAR to P-3C and S-3B aircraft. Fusing these assets together has demonstrated a promising capability using off-the-shelf equipment for the management of long range targeting and battle damage assessment.

We are modernizing shipboard damage control and firefighting capabilities, including the purchase of additional oxygen breathing apparatus and oxygen canisters, special lanterns, communications gear, power-cutting tools, and flame-resistant clothing. This additional equipment will be particularly valuable for our combatants deployed to front-line potential combat zones.

Force Structure

Force structure includes the construction of new ships, ship conversions and reactivation, and aircraft procurement required to meet an ever increasing threat. The Navy's force structure, as reflected in the ships and aircraft in the fleet, under construction, and planned for the future, is a product of well-thought-through tradeoffs to achieve the best possible mix of capabilities to fulfill all of the Navy's missions. That mix, the result of extensive threat and capability analyses, is critical to the continuing balance and effectiveness of the Navy. Figure 3 shows the ship construction to be made possible by the FY 89 Navy budget.

SHIP CONSTRUCTION PROGRAM

NEW CONSTRUCTION	FY88	FY89
Trident (Ballistic Missile Submarine)	1	1
CVN (Aircraft Carrier)	2	-
SSN-688 (Attack Submarine)	3	2
SSN-21 (Attack Submarine)	-	1
CG-47 (Guided Missile)	5	-
DDG-51 (Guided Missile Destroyer)	-	3
LHD-1 (Amphibious Ship)	1	1
LSD (CV) (Landing Ship Dock-Cargo Variant)	1	-
MHC-1 (Coastal Minehunter)	-	2
TAO-187 (Fleet Oiler)	2	2
TAGOS (Surveillance Ship)	-	3
AOE-6 (Fast Combat Support Ship)	-	1
AGOR (Research Ship)	-	1
SUB TOTAL	15	17
CONVERSIONS		
CV (Aircraft Carrier) SLEP	1	-
AO (Oiler) Conversion	1	2
TACS (Crane Ship) Conversion	2	-

FIGURE 3

I stated earlier that ASW is my central warfighting concern. The U.S. margin of technological superiority over the expanding and increasingly modern Soviet submarine force is eroding. Although we remain superior, we must continue to apply priority to programs which improve our ability to detect and successfully prosecute a more sophisticated adversary. A top shipbuilding priority to meet the ASW challenge is to ensure funding for the lead submarine of the Seawolf (SSN-21) Class in FY 89. The capabilities provided by this platform are, quite simply, indispensable and crucial to our command of the seas well into the next century. Its superior quieting and tactical speed, coupled with advanced combat systems and greater weapons capacity, will allow it to prevail in the performance of a host of wartime missions in support of our national military strategy.

The carrier battle group will remain a critical element in our ability to meet U.S. national security requirements well into the next century. The aircraft carrier and the other units in the battle group are designed to control vital sea areas and project power when and where required. In war, the carriers and their embarked aircraft can simultaneously defeat surface ships in anti-surface warfare, kill submarines in anti-submarine warfare, destroy aircraft and cruise missiles in anti-air warfare and attack land targets in strike warfare. Integrated battle group surface combatants enhance these operations in all dimensions, most recently adding increasingly dispersed and potent land-attack cruise missile striking power to the already impressive strike capabilities of the carrier airwing.

National commitments are stressing available aircraft carrier assets as we build to achieve a level of 15 deployable units. It is not likely that these commitments will decrease; and with the loss of overseas bases and access, the demands on aircraft carrier battle groups will surely increase. Military requirements are the central determinant in shaping force structure. The Joint Chiefs of Staff and Unified combatant commanders have repeatedly validated an aircraft carrier requirement exceeding 20 carriers. Fifteen deployable carriers are the minimum required to provide a reasonable assurance of success in sequential wartime operations and a balanced force structure that takes into account geographic realities, alliance commitments and national dependencies. USS Abraham Lincoln and USS George Washington, currently under construction, will allow us to achieve and maintain this required level. Several of our aging carriers are now in their fifth decade of proud national service, and must be replaced soon. These older ships, limited by age and size can no longer be modernized and repaired to effectively match the Soviet threat of the twenty-first century. We are moving forward on procurement and initial construction of two carriers, CVN 74 and CVN 75, to replace the oldest of these aging units. The acquisition plan for these two new carriers was designed to eliminate unnecessary waste and take full advantage of production efficiencies while ensuring a cost-effective employment of the nation's shipbuilding resources.

The anti-air warfare posture of our forces at sea will be built around the highly capable Aegis cruiser and destroyer force. Both the Arleigh Burke (DDG-51) class and the Ticonderoga (CG-47) class will be operating with the fleet in growing numbers in the next decade. Both carry the most advanced combat systems afloat today and are integral parts of both offensive and defensive missions for the battlegroup.

The Arleigh Burke (DDG 51) class guided missile destroyer is the top surface shipbuilding priority. The most powerful class of destroyer ever to go to sea, Arleigh Burke will combine the Aegis AAW and SQQ-89 ASW combat system with an impressive array of weaponry: vertically launched SM-2 surface-to-air missiles, the 5"/54 caliber lightweight gun, and the Close-in Weapon System for anti-missile defense. It also features major advancements in countermeasures protection system (CPS) for nuclear, biological, and chemical warfighting. The first ship of this class was funded in FY 85, and two more were appropriated in the FY 87 budget. We are requesting three in FY 89, planning for at least 29 ships of this class.

Ballistic missile submarines contribute about 50 percent of the warheads in the U.S. nuclear strategic arsenal, providing an invulnerable retaliatory capability essential to the nation's power. One additional Trident submarine per year capable of accommodating the range and accuracy improvements of the Trident II/D-5 system has been included in the Navy Five Year shipbuilding plan. This program continues on or ahead of schedule with the early D-5 missile test launches a success and operational deployment scheduled for 1989.

The first of the Improved 688 Los Angeles class nuclear-powered submarine was launched in December 1986, adding quieter and more capable ships to our fleet of attack submarines. Construction continues through our request for two additional SSNs in FY 89.

The Navy's shipbuilding plan includes construction of superb new classes of minesweeping and minehunting ships. By 1997, the Navy will have 14 new ocean going minesweepers and 17 new river and harbor minesweepers.

As the battle force striking arm grows in size and capability, the mobile combat logistics force must expand and modernize. Our primary logistics imperative is replacement of aging fleet oilers by continued procurement of two new TAO-187 class oilers in FY 89. The first of four AOE-6 Class fast combat support ships, designed to accommodate the needs of a complete battle group on station, was funded in FY 87 and one additional ship is requested in FY 89. These ships have the highest operating tempo of any of our assets. To not plan now for their timely replacement is to risk serious curtailment of operational flexibility in future.

Figure 4 is the Navy aircraft procurement plan. The mix of aircraft in the plan continues to support a force level requirement of 15 deployable carriers, 13 active and two reserve carrier air wings, 24 active and 13 reserve patrol squadrons, and three active and one reserve Marine air wings. This procurement program is built upon a foundation of a balance between requirements, available funding and optimal acquisition strategies.

AIRCRAFT PROCUREMENT PLAN

AIRCRAFT	FY88	FY89	FY90	FY91	FY92
A-6 (Intruder)	10	-	15	24	24
EA-6B (Prowler)	12	9	9	9	9
AV-8B (Harrier)	24	24	24	24	-
F-14A/D (Tomcat)	12	12	12	30	42
F/A-18 (Hornet)	84	72	72	72	72
MH/CH-53E (Super Stallion)	14	14	-	-	-
AH-1W (Sea Cobra)	34	-	-	-	-
SH-60B (Seahawk)	6	6	6	12	12
SH-60F (CV ASW Helo)	18	18	18	12	12
LRAACA	-	-	2	7	18
V-22A (Osprey)	-	-	12	45	61
E-2C (Hawkeye)	6	6	6	6	6
T-44A	-	-	15	-	-
T-45 (Goshawk)	12	24	24	48	48
E-6A	3	7	-	-	-
HH-60 (HCS)	9	-	-	-	-
TOTAL	244	192	215	289	304

FIGURE 4

Our objective is to ensure that we put to sea a modern and effective force capable of meeting all commitments. No other aircraft more clearly represents progress toward our goal than the F/A-18 Hornet, a true force multiplier providing operational commanders with flexibility to employ it in either the fighter or attack role. The F/A-18 is the nation's first strike-fighter, designed for such traditional strike applications as interdiction and close air support without compromising fighter capabilities. The result is an aircraft with excellent fighter and self-defense capabilities that increases strike mission survivability and supplements the F-14 in fleet air defense.

Looking to the future, the Advanced Tactical Aircraft (ATA) will maintain our comparative advantages in high technology aircraft systems. This vital tactical air platform will ensure effective penetration and successful attack in even the most heavily defended enemy areas.

In order to improve the vital A6E all-weather attack aircraft, we intend to undertake a digitalized remanufacturing program to upgrade the avionics package. Doing so will ensure that the Intruder is capable of meeting the enhanced threat from defensive systems through the turn of the century, and will take full advantage of the advanced research and development conducted for the A6F without incurring the cost of building any new aircraft.

The V-22A Osprey, a joint service development program, combines the best features of helicopters and fixed wing turboprop aircraft. Osprey will be capable of flying over 2,000 nautical miles without refueling, providing Navy a dramatically improved combat search and rescue capability. Its first flight is scheduled in June 1988.

The Long Range Air ASW Capable Aircraft (LRAACA) represents a significant improvement in both range and payload over the current P3C Orion. This platform will be a key system in our priority program to maintain our tactical advantage over an increasingly capable Soviet submarine threat.

The SH-60F is under development to replace the SH-3H as our carrier inner-zone ASW helicopter. A firm-fixed price contract has been signed for development of the SH-60F including firm fixed price options for the first five production lots. The SH-60F will employ a new longer range active dipping sonar in addition to sonobouys to track and attack submarines. This helicopter will incorporate significant improvements in reliability and maintainability as well as vastly improved tactical capabilities.

The F-14A+, with its new GE F110 engines, will be more than a match for threat fighters in the close-in, air combat arena. The follow-on program, the F-14D, will close emerging gaps in the carrier battle group's outer air defenses against new-generation Soviet bombers and cruise missiles.

This aircraft procurement plan, which includes Marine Corps aviation as well, provides modest growth to properly complement fleet force structure. Support for this plan will help check the aging trend of our aircraft, and achieve our goal to put to sea a modern and efficient force able to meet all commitments.

Admiral **Hardisty**. Thank you sir. Both the President in his national document on national security strategy and the Chairman of the Joint Chiefs of Staff in his recent statement before your committee have stressed the critical role played by maritime forces in support of overall U.S. policy. As pointed out by the Chairman, our ability to prevail at sea is a cornerstone of our overall stategy. America's position as the leader of an alliance composed of free nations, most of them adjacent to the world's oceans, requires maritime superiority as a prerequisite for execution of U.S. national military strategy.

Inescapable geopolitical realities underlie U.S. national security strategy, who's key elements, deterrence, forward defense and alliance, solidarity, each require maritime power.

Deterrence of war has been the cornerstone of the American policy since the dawn of the nuclear age. But it has evolved into a concept much broader than nuclear deterrence alone. Naval forces provide the rare blend of capable and ready forces able quickly to inflict unacceptable damage upon any aggressor or level across the spectrum of conflict, almost anywhere on the globe.

The strategic submarine force, the most survivable leg of our nation's strategic nuclear triad epitomizes deterrence in its purest form. Beyond nuclear deterrence, however, potential aggressors must take note of a fighting force which can apply force precisely and suddenly independent of precarious supply lines, foreign bases or over flight rights.

Forward defense resonates with America's desire for extended security and takes into account the location of friends on the alliance peripheries in addition to our exposed States and territories.

Through forward defense, we not only provide physical protection of our own interests, but we also place military forces in strategically desirable locations to bolster alliance cohesion in times of crises, to safeguard vital sea lanes most effectively and to support ground operations in time of war.

Alliance solidarity is a key element of U.S. security strategy because our friends and allies overseas constitute both a vast economic and industrial base far superior to the Communist bloc, and a large portion of the extent military capability of the West. The ability to control the connecting oceans provides the assurance that American strength will be able to work in concert with our allies to defend their territory and our extended interests.

The insistent realities of Soviet power mandate a sustained emphasis on national defense and particularly on maritime superiority. The Soviet Union continues to expand its ability to threaten U.S. allies and our extended security through an inexorable growth in military capability, most particularly an increasingly capable, global positioned Navy.

In addition to the Soviet threat, informed analysis of the changing global security environment, exemplified by the report of the Presidential Commission on Integrated Long-Term Strategy, indicates the United States faces a growing challenge in the Third World. The diffusion of advanced technology weapons, particularly to developing countries, coupled with deteriorating United States access to bases and declining overflight privileges, will place a far greater reliance on forces that can operate forward without need of complex logistical support. Without question, the changing security environment will mean an increasing demand on Naval forces that have so often been at the cutting edge of U.S. security policy. Naval forces that enjoy the unique advantage of being able to signal commitment and intent, and if necessary, menace, without violating sovereignty, and once the need is past, can depart without signaling retreat.

Within the context of the role of the maritime forces in the U.S. national strategy, the Navy has four basic missions which essentially serve as the link between that strategy and specific budgetary programs. These missions are Sea Control, Strategic Deterrence, Power Projection and Strategic Sealift.

Operational requirements flow from these specific tasks that our fleets are called upon to perform at sea day in and day out, fulfilling the Navy's missions. These tasks range from Trident submarine patrols to dramatic and highly visible performance in the Persian Gulf.

Collectively, operational requirements are the driving force behind our authorization request. Identifying our operational deficiencies and our capabilities to execute these assigned missions and requirements is an ongoing challenge for the Navy, as it is for all our services.

During this year's budget preparation cycle, we drew upon the deficiencies identified by the combatant commanders and fleet commander-in-chief, who are closest to the actual execution of specific operational tasks and missions. Their comments and subsequent analysis by the Navy staff enables us to develop a budget that is in fact a direct reflection of their operational requirements.

The Navy budget reflects CNO's two overriding priorities that emerge directly from this process to safeguard total Navy capability, readiness and performance and to ensure that we continue to attract and retain the quality people so necessary to our continuing success.

This budget I believe represents a minimum level of resources necessary to maintain our momentum and to meet the real world challenges that we face in the short term. We have structured this budget with the objective of maintaining a balanced program while achieving a minimum increase in risk.

I have other comments about the state of the Navy today, Mr. Chairman, but in the interests of keeping things short and excerpting my remarks, I will just say that today we have a strong, capable Navy. We can carry out our mission. Our people and technology are the key to that and to the quality of the force.

I believe this budget is balanced upon all the four pillars of readiness, sustainability, modernization and force structure. We have been required to take some reductions in all of these areas, but I think that we have maintained the balance. We have tried to minimize the risk. I believe that the risk is acceptable.

I am concerned about the downward trend however, and that trend is that this particular budget this year represents an 8.6 percent real program decrease over the fiscal year 1985 budget. While the Navy has grown some 3.1 percent per annum over the last 7 years in real program growth the Navy share of the services portion of the defense budget has decreased by 3.1 percent.

We all have to share the hurt, but we particularly see a downward trend. We need to have modest growth. We need to have budget stability. We need to have a 2-year budget to get that stability. And with moderate growth, I think that we can continue to modernize, to maintain the almost 600-ship Navy that you have authorized and has been appropriated and I think we can meet the threat.

Thank you very much, Mr. Chairman.

Senator LEVIN. Admiral, thank you. On the list I have been provided, General Gray is next.

STATEMENT OF GEN. A.M. GRAY, COMMANDANT OF THE MARINE CORPS

General GRAY. Thank you, Mr. Chairman and distinguished members of the committee. I appreciate the opportunity to present our Annual Report to Congress. I believe that our statement covers the topics that were indicated in your letter to me with respect to discussing strategy relating that to operational requirements and then the linkage to supporting the unified commanders. I would like to take just a few moments to expand on some thoughts with respect to strategy and a conceptual framework for the future.

It would be my view that it is more important than ever to take a hard look at ourselves, a look at the military forces that we have today and the capabilities inherent therein and to begin to examine where we are, and more importantly, where we must go in the future. I do not believe that we can continue to have all of our general purpose forces organized, trained and equipped for the most difficult type of conventional war, that is the global war with the Soviet Union. When we look at the declining budgets of the last 3 years in terms of resources, it becomes even more critical.

In my view, that situation is somewhat like a group of marine warriors tasked with going up a slippery slope. When it is raining and you're wet, cold, and tired, you take two steps back sometimes to gain one forward or even to hold what you have. And that is the kind of slope that I believe your national defense is on today. Everybody says sure, we can continue to do what has to be done, but I would like to state for the record clearly that the risk is going up. Not just tonight, but we will pay in terms of risk in the years ahead.

If you really think about strategy, it does not really change all that much. We really do not have too different a national grand strategy today than we did as we emerged from World War II, nor should we.

Just about everything that we need to know about strategy we can take from the most enduring part of our great heritage, and that is our Constitution. The Framers outlined enduring themes about common defense, raising and supporting armies, and appropriating for them a couple of years at a time. They knew the importance of providing and maintaining a strong Navy, because clearly even at the time of the Constitution, our leader understood that we need to have a sea power strategy for a maritime nation. It seems to me that is the core, c-o-r-e, idea of what we are about.

Mr. Chairman, in the last several years, your Marine Corps has reviewed our national military strategy. We have gone over it very carefully in the last 8 months. We have studied the threat to our vital national interests and have taken a hard look at them to ensure your marines and the sailors that serve with us, are prepared for tomorrow's kinds of conflicts and tomorrow's types of confrontations.

We see that you have to have a balanced striking fleet to protect the sea lanes of communication, as we do what must be done to support the North Atlantic Treaty Organization or other common defense requirements we have in Northeast Asia. We know that that balanced fleet must have, in addition to an air and surface and subsurface capability, a balanced power projection amphibious force capability inherent with it. We have that today, not as large, not as flexible and not as strong as we would like to see it, but it is there. Our efforts in the recent budget decrement drill have gone all out to try to protect that capability as it exists today and to build where we can for the future.

We have these major national security defense requirements in Europe, Northeast Asia and the like, defense requirements that need strong air power, land based air power, from our U.S. Air Force and our allied forces, a strong land power capability, a good tough Army, not just U.S. Army, but allies as well. And yet we know too that we have to have a flexible sea power in order to sustain any battle, be it Korea, Europe, or both. But when we look then at the next requirement, that of the Third World regions where many of our vital interests lie, we see conflicts going on right now. It is in the Third World areas that the sea service should be the predominant services of choice.

Most of these Third World contingencies require that same kind of capability that the Nation needs to protect sea lines of communications, the kinds of forces that have air, land, and sea maneuver—a balanced fleet can be employed in a variety of ways that do not require basing rights or political rights and that type of thing. It can provide the type of military support that is essential for any conflict strategy in terms of stability, nation building and the like in any region, and can adjust that military support and power as required. For example, we can come out as quickly as we go in should the political situation dictate.

To me, the best thing that we can do is to make sure that we can be operative throughout the entire spectrum of conflict, but within the context, we are a Naval expeditionary force. Your Marine Corps should be lean, mean, tough and leaning forward, one that is based on some simple ideas—what you see is what you have, and what you have will be ready to go tonight. And everything that we do ought to be aimed at maximum preparedness.

We believe that we can do a lot of things that should please this committee that are not going to cost much in the way of money. We are going to train harder, make it tougher, get better stability, and turn on the ideas and brain power like we did in the late 1960's and early 1970's when we went through a long disastrous period of negative growth.

We are going to be looking at concepts and ideas. We have strengthened our ability to do that now at Quantico. We are going to upgrade our standards of training and education to insure high standards of excellence. We are going to toughen up the recruit training process and make sure everybody is a warrior first. Then a marine will learn to fix airplanes or drive tanks or operate radios after that. In this Third World region, in these mid and low intensity conflict environments, there are no front lines. You are in a 360-degree posture.

We have continued our time honored tradition of being on the forefront of using technology. That goes back even prior to World War II. Since World War II, the Marine Corps led the way with the helicopter, and then the VSTOL aircraft, then light armor vehicles. Now we want to be able to conduct operations over broader spectrums of area, further distances of sea over the horizon, and so we have within our budget submission protected our conceptual requirement and need for the MV-22 Osprey program.

In summary, we are a Marine Corps that is fit for service today. We are going to get better in the months and years ahead with the idea that we will be streamlined for the kinds of rapid, responsive missions and tasks that clearly are at the heart of every contingency and general war plan that every unified commander has.

Our whole campaign approach to training and everything that we do is aimed in making sure that we are as responsive that we possibly can be to those commanders. We have fully met all but a handful of their requirements in the fiscal year 1989 budget submission. That handful of partial requirements we haven't met is only because we are hard on ourselves. Some of those items are still in the research and development process, and unless we can field them within 2 years, we do not give ourselves credit for meeting the requirements of the Commanders in Chief.

That would be the end of my statement, sir.

[The prepared statement of Gen. A.M. Gray follows:]

THE ANNUAL REPORT OF THE MARINE CORPS TO CONGRESS

BY GENERAL A. M. GRAY

COMMANDANT OF THE MARINE CORPS

Mr. Chairman, Members of the Committee

This is my first annual report to Congress and the Nation. With your permission I would like to share with you my assessment of the current state of the Corps and, more importantly, my vision of its future.

The Corps is sound and fit for service. During the defense build-up over the last 7 years, the American people made a major investment in the Marine Corps. As directed by Congress and the Secretary of Defense, we devoted our efforts to making improvements in four areas: readiness, sustainability, modernization, and force structure. We have improved logistics sustainability and enhanced our tactical mobility. We are completing the modernization of our command and control equipment, aviation and infantry weapons.

As we move into an era of constrained federal spending, it is important to remember that, in terms of equipment, the Marine Corps is a modern force. We appreciate the help of Congress, and particularly of this committee, in bringing this modernization about. We are counting on your continued support in order to ensure that our capabilities and equipment will not be permitted to atrophy. The public investment in our total force capability over the past years more than justifies this requirement.

Our people complement the high quality of our equipment. In accordance with the will of each Congress since the Ninety-third Congress, the Marine Corps has scrupulously adhered to the highest recruiting standards possible. Ninety-eight percent of our recruits are high school graduates, our officer programs are full, and our Marines, officer and enlisted, want to stay in the Corps. In short, the Corps is ready to face the difficult challenges of the approaching turn of the century.

I would like to devote the remainder of this statement to my vision of the future for the Marine Corps. In order to bring this view into reality the Marine Corps will reaffirm its historical relationship with Congress. We invite your thoughts and continuing involvement.

There are three areas I want to discuss with you today: our purpose in supporting the Nation's security, the way we intend to fight, and our view of ourselves as Marines. Each is central to what the Marine Corps is all about: the ability to win in combat when we are called upon by the Nation to fight. Everything we do must derive from that focus. Anything that does not relate to it is something we probably shouldn't be doing. We will continue to eliminate anything that works against our ability to win. That includes too much reporting and paperwork in our combat units. We will complete the streamlining of our headquarters, and create conditions which develop the initiative of our junior leaders.

The Marine Corps responds to the needs of the Nation. However, there have been periodic examinations of our utility, particularly during the past decade. The question has often been asked: do we primarily fight in Europe or Korea, or are we primarily an expeditionary force? My view is clear: we have a contribution to make in each. That is to say, we are a naval expeditionary force. We do have a mission in Europe and Korea, in supporting a naval campaign. Our commitment to the defense of both the northern and southern flanks of NATO illustrates the aggregate usefulness of our maritime forces. The battle of the North Atlantic can be lost in the North Norwegian Sea by failing to establish advanced amphibious naval bases to deny the Soviets access to Norwegian air bases necessary to achieve their goal. Additionally, sea lines of communication cannot be guaranteed without amphibious forces. This is operationally significant to the fleet, and reflects the value of the Marine Corps as a sustainable landward extension of naval power. Let it be clearly stated that the Marine Corps is prepared for general war should that eventuality arise. As such, these are appropriate missions for us.

While we are fully prepared for the most challenging conflict, your Marine Corps must also stand ready for the most likely conflict -- and that is in the third world. The reason the Nation has a Marine Corps is to project power into areas where we do not have forces stationed in peacetime. Our amphibious capability, our seaborne mobility, and our expeditionary nature makes us uniquely suited for the task; this is the major contribution we provide the Nation.

In those areas of likely conflict we can protect American interests through the deterrent value of Naval forces, and if deterrence fails, we can launch and win an expeditionary campaign. For this purpose, we maintain forward deployed Marine Air-Ground Task Forces with a wide range of special operations capabilities. The availability of amphibious forces and their capability to respond across the spectrum of conflict, makes them the forces of choice in crisis response. These forces complement our national military strategy, provide on-scene assets in fast developing crises, and are fully interoperable with the Army, Navy, and Air Force. The interservice cooperation in developing a needed response to a very real threat has been a success story of significant proportions. The Marine Corps' capability gives the Nation another option when faced with complex developments, such as terrorist incidents, and when time-distance and clearance factors complicate the employment of other specialized forces. Likewise, our forward deployed special operations capable MAGTFs are trained and equipped to supplement or even reinforce these specialized units when they are committed. The continuing forward deployment of these forces as freedom's front line contributes to deterring our adversaries while providing a visible warning of our ability to respond across a broad spectrum of conflict.

The Marine Corps' contributions to national security depend greatly upon amphibious shipping. I do not believe that we have enough amphibious ships to accomplish all that is required. Amphibious warfare is crucial to the striking fleet's ability to carry out all its tasks within the context of the Maritime Strategy. Without this capability, the Navy cannot protect the sea lines of communication or project credible and sustainable power ashore. The needs of the Nation require that we have amphibious lift for two Marine Expeditionary Forces, one from each coast.

It will come as no surprise to this committee to know that we have spent considerable time examining our Marine Security Guard commitment to our embassies around the world. I have spoken personally with the Secretary of State on this subject and your Marine Corps and the Department of State are working together to meet existing challenges. I hold myself accountable for the performance of our Marines in their sensitive assignments. We have restructured the selection process with modern evaluation techniques. We are providing our Marines with additional cultural and language training. We are also redoubling our training efforts to ensure that they can take care of themselves and their demanding duties. The Marine Corps and the State Department are adopting joint inspection techniques, thereby working more closely together than ever before to identify and rectify problem areas as early as possible. I meet with all ambassadors before they assume their duties to discuss issues of mutual concern regarding their Marines. Finally, when possible on my trips abroad, I inspect my Marines personally and report my findings to the Secretary of State. We have a new and vigorous program with regard to this mission, and I am optimistic as to its probability for success.

The Marine Corps provides another security function for the Navy which we are also improving: the protection of selected ships and installations by the Marine Corps Security Force Battalions. We have reorganized the existing forces reducing administrative overhead, and provided a larger, better trained, and more effective force. We believe that this measure contributes materially to enhanced security in the fleet and, in particular, has given the fleet Commanders-in-Chief a more responsive force.

The second area where I want to share my thoughts with you is how we fight. I want to make my view clear. The Marine Corps of the future will fight a high tempo, fluid, combined-arms, maneuver-oriented conflict. Our goal will be to collapse our opponent, destroying his ability to fight as a cohesive, organized force; this is the way to obtain quicker results with fewer casualties. In battle, our principal advantage will be our ability to fight in such a way as to disrupt our opponent's decision process. That is to say, our advantage will be due less to equipment than to our excellence at tactics and the operational art.

Let me tell you frankly that we need some improvements before we can claim tactical and operational excellence on the level of my expectations. Accordingly, we are raising standards. It is essential that the entire Marine Corps, active and reserve, train the way it will fight. Military forces use campaign plans in wartime to conduct operations and engage the enemy. We need to bring the same cohesive thrust to our peacetime training actions. Therefore, we are creating a Marine Corps Campaign Plan which gives the necessary impetus to our training and exercise. These actions will assist all our operating forces and the supporting establishment in preparing for combat by focusing our efforts on selected operational situations and objectives throughout the Corps during the fixed period of time. We will ensure that all elements of our Corps progress together. Our effectiveness depends on being able to task organize forces from both the Atlantic and Pacific. We will create "one Marine Corps" with uniform warfighting doctrine and common operating procedure.

We will continue to emphasize increased opportunity for live fire training. The focus of our training for combat will be on free play and force-on-force exercises that replicate the uncertainty and rapid change of the battlefield.

Our training is going back to basics to emphasize battlefield orientation. In today's environment, there are no rear areas; every Marine must know how to fight as a rifleman. All Marine training will be based on that concept. The length of recruit training won't change; content will. We are incorporating "Basic Warrior Training" which will develop and hone combat skills in all Marines. Our leaders will be trained to be self-reliant and capable of independent decisions on the battlefield. Our overall training will stress physical and mental toughness. Whenever you see a Marine, there is one thing of which you can be certain; he'll be ready to fight, right then and there, if necessary. He also may be an outstanding mechanic, administrator, driver, or cook, but first and foremost, he'll be a Marine.

We are turning on the brain power to ensure we are using what we've got to our fullest potential. We have established the Marine Corps Combat Development Command at Quantico to teach Marines how to think in, and about war. We are resurrecting Quantico as the intellectual center of the Corps, where innovative and conceptual study will ensure proper attention to the conduct of military operation. At the heart of our intellectual preparation lies military history, which we will use as our laboratory for combat, drawing on the positive and negative experiences of a variety of Nations and forces at war. Military history will form an integral part of the education and continuing development of our officer corps. Innovative thought will stand above normal bureaucratic lobbies that often interfere with clear vision.

A major effort is being dedicated to studying our force structure. We want to put more Marines into infantry battalions, light armor units, and aviation squadrons. Those assets which are used mostly in general war, such as some of our heavy armor and certain engineer and logistics functions, may be considered for transfer to the reserves. We want to combine reconnaissance, surveillance, remotely piloted vehicles, and selected intelligence functions into a single unit. Because of the electronic and information revolutions, we must achieve a new level of technical excellence in a field known as Command, Control, Communications, Computers, Information, and Intelligence. Only in this way can we turn enemy miscues into tactical actions on our part to achieve operational success. A Headquarters Marine Corps publication, Concepts and Issues also provides some insight into how we are planning for the future.

In order to put more "fight" into our combat units as well as in meeting fiscal constraints, we are streamlining and reorganizing our supporting establishment. Marine Corps Headquarters is being reduced, and unnecessary levels of bureaucracy are being eliminated. At Quantico, we are combining critical functions previously divided between a number of locations. The new Marine Corps Combat Development Command will link our doctrine, combat development, and training. For the time being, we have accommodated this reorganization in existing facilities, with little or no increase in personnel. Acquisition is also being consolidated under the Marine Corps Research, Development and Acquisition Command. This reorganization is intended to reduce the time and cost of fielding combat equipment.

The third area I would like to talk about is our view of ourselves as Marines. Our strength is that we see ourselves first and foremost as Marines, not as members of some sub-group or specialty. We put first, in all situations, the Marine Corps' main goal: the ability to win if called upon to fight. If that means that our particular area of expertise--aviation, infantry, logistics, whatever--has to take a back seat to some other element in a situation, or has to do with fewer resources, then we'll adapt. Our concern is for the Marine Corps as a whole. I intend to build on our strength, to make it something all Marines share, without exception. Battles and wars are won by people more than by equipment. I intend to make a number of changes in our policies toward people. In a number of cases I shall need your help.

First, I intend to fill Marine Corps ranks from the bottom up, with the first priority going to specific combat units. In the future, when I visit operational commands, I will expect to see those units fully manned.

Second, I intend to have cohesive, stable units. In my view, our level of personnel turbulence and turnover undermines combat effectiveness. It shatters small unit cohesion and makes effective training impossible. I have personally charged our Force Structure Study Group with addressing this problem and providing solutions. I may need your assistance in achieving this goal.

Finally, I need your help with a specific problem of great importance to our Marines and their families having to do with adequate medical care. Specifically, there are too few doctors and corpsmen. I know this problem is not new to this committee, but it has not been resolved adequately. The Secretary of the Navy has made this problem one of his top priorities. I urge your support of his efforts in this critical area. The impact on our combat readiness and the quality of care we provide our families in peacetime is significant.

The Marine Corps' direction is clear. We will be prepared to do whatever has to be done to protect and ensure national interest globally, where permanent defenses cannot be maintained. And, in the lean times to come, we'll take what you give us, do what is required - and more.

Our requests are as follows:

($ MILLIONS) Appropriation Table	FY87	FY88	FY89
Military Personnel Marine Corps	$5438.8	5542.8	$5716.2
Reserve Personnel Marine Corps	277.3	295.4	315.7
Operations and Maintenance Marine Corps	1841.4	1795.3	1792.0
Operations and Maintenance Marine Corps Reserve	64.0	69.5	77.5
Procurement, Marine Corps	1438.5	1295.6	1157.3
Total	$9060.0	8998.6	$9058.7

SEMPER FIDELIS

Senator LEVIN. General Gray, we are grateful to you and General Welch, double welcome to you.

General WELCH. Thank you, Mr. Chairman, I have a very brief verbal comment.

STATEMENT OF GEN. LARRY D. WELCH, CHIEF OF STAFF, U.S. AIR FORCE

General WELCH. As is the case with all of the services, the Air Force programs are guided by the need for combat capabilities. Joint combat capabilities and joint support to meet the specific needs of all the unified, and specified commanders.

Our first concern must of course necessarily be forces that provide a sure deterrence at the strategic nuclear level. The committee understands and has supported that need. It is not that those forces are most likely to be used. It is simply that they must not be used. And we must therefore have adequate levels to ensure that they need never be used.

Let me first address very briefly the deterrence of surprise attack and then touch on strategic nuclear forces for stability in crisis.

Air Force and Navy strategic nuclear forces on day-to-day alert today have improved steadily over the past decade with significant upgrades to existing equipment and deliveries of new systems in all three legs of the triad. Those improvements will continue and, on balance, our day-to-day alert forces provide and should continue to provide very high confidence in deterrence of a surprise attack.

Since, in the face of the retaliatory ability of our day-to-day alert forces, only the most compelling pressures would lead the Soviets to risk the consequences of such an attack. It is not useful to speculate today on the range of possibilities that could lead to such pressures. But we must clearly be prepared to deal with those situations. That calls for forces in addition to day-to-day alert force that provides stability in a crisis with pressures could increase for the Soviets to escalate to a strategic nuclear attack.

U.S. strategic force programs are carefully conceived to provide that balance of adequate long term day-to-day alert forces and the capability to rapidly increase alert and the survivability of those forces when that is required.

Deterrence at the conventional level is an equally compelling need, because even aside from the possibility of escalation to strategic nuclear weapons, modern high intensity conflict employing conventional weapons would cause devastation on a scale that none of us care to contemplate.

Further, the greatest danger of strategic nuclear conflict is an escalation from a conventional confrontation. Consequently, the forces needed to deter a conventional conflict and protect U.S. and allied interests deserve and demand our very high priority attention.

To save this committee's time I need not detail tactical forces, mobility forces, special operations forces programs that support the Air-Land Battle and that support the maritime operations around the globe and that support the range of lower level conflict situations. Those programs are carefully crafted to provide needed capabilities, perform specific tasks in support of theater strategies, and you have heard from the commanders-in-chief of the Unified and Specified Commands on the service support for those strategies.

I am prepared to discuss those programs during the discussion. But it will be apparent to all, in fact it is already apparent to all, that the fiscal year 1989 budget level on top of the reduced levels in recent years has forced very difficult choices. We have focused on our highest prority needs and on maintaining the readiness of existing forces while investing in future force.

What may be less apparent, in the shorter term, is that those choices were also driven by the budget levels that we expect and by the fiscal guidance for future years beyond 1989. And the guidance for the 5 years following the fiscal year 1989 budget reduces projected resources for Air Force programs on the order of $100 million below those that were expected when earlier budgets were crafted.

The other services face a similar situation. There is of course a significant increase in the risk associated with those lower budget levels and that is unavoidable. Our goal has been to do everything possible to provide the most national security for the dollar.

Let me close with just a comment on the most valuable resource that the Air Force provides to field commanders, and that is the force of dedicated, high quality people that make us the total Air Force, active and reserve, officer, enlisted and civilian.

We were forced by the budget to significantly reduce both the enlisted force and the officer force. We will make those reductions in ways that minimize the disruption in force capabilities, but we will also pay intense attention to minimizing dislocations in our people's lives. That means maximum use of voluntary actions. And that is much more than a humanitarian issue.

How we treat our people has a direct and a lasting impact on morale, retention and productivity of the forces. I ask this committee to do everything possible to eliminate unnecessary and destructive impacts on our people. We need your help to end the attacks on morale, welfare and recreation programs. We need your help to provide more adequate compensation to include the much needed 4.3 percent pay raise.

We need an end to caps on inflation adjustments to housing allowances. And we need to end the tax on our required officer strength. Your strongest support for our people is especially important in these times.

Thank you, Mr. Chairman. I look forward to our discussions.

[The prepared statement of General Welch follows:]

STATEMENT OF: GENERAL LARRY D. WELCH
Chief of Staff
United States Air Force

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE: I AM PLEASED TO APPEAR THIS MORNING TO DISCUSS THE LINKAGE OF THE NATIONAL MILITARY STRATEGY -- THE OPERATIONAL STRATEGIES OF THE COMBATANT COMMANDS -- THE REQUIREMENTS THOSE STRATEGIES LEVY ON AIR FORCES -- AND AIR FORCE PROGRAMS TO FILL THOSE REQUIREMENTS.

I AM WELL AWARE THAT THIS COMMITTEE DOES NOT NEED A DETAILED REVIEW OF THE NATIONAL MILITARY STRATEGY OF DETERRENCE. THAT STRATEGY HAS BEEN IN PLACE AND EFFECTIVE FOR MORE THAN FORTY YEARS, AND HAS BEEN THOROUGHLY REVIEWED IN HEARINGS OVER THE PAST YEAR AND MORE RECENTLY IN DISCUSSIONS OF THE INF TREATY. TODAY I WILL FOCUS ON THE MISSION REQUIREMENTS THAT AIR FORCES MUST FILL TO UNDERWRITE THAT STRATEGY, AND ON THE PROGRAMS WE HAVE UNDERTAKEN TO MEET THOSE REQUIREMENTS.

STRATEGIC NUCLEAR WARFARE

ALONG WITH OUR SISTER SERVICES, THE AIR FORCE MUST ENSURE THAT POTENTIAL ADVERSARIES PERCEIVE THAT THEY HAVE MUCH MORE TO LOSE THROUGH AGGRESSION THAN THEY STAND TO GAIN. WHILE THAT STRATEGY OF DETERRENCE EXTENDS ACROSS THE SPECTRUM OF CONFLICT, IT IS AN ABSOLUTE NECESSITY THAT WE ACHIEVE ASSURED DETERRENCE AT THE STRATEGIC NUCLEAR LEVEL. WE SIMPLY CANNOT AFFORD THE TERRIBLE CONSEQUENCES SHOULD DETERRENCE FAIL AT THIS LEVEL.

RECENT BUDGET TRENDS, COUPLED WITH THE ONGOING STRATEGIC ARMS REDUCTIONS TALKS, HAVE HIGHLIGHTED THE IMPORTANCE OF CAREFULLY DEFINING THE CENTRAL TASKS OF OUR STRATEGIC NUCLEAR FORCES. OUR FORCES MUST BE STRUCTURED TO DETER STRATEGIC NUCLEAR CONFLICT ACROSS A RANGE OF CONDITIONS:

- DETERRING A "BOLT OUT OF THE BLUE" SURPRISE ATTACK PLACES A PREMIUM ON FORCES ABLE TO MAINTAIN A HIGH DAY-TO-DAY ALERT POSTURE AT AFFORDABLE COST. SINCE SUCH AN ATTACK IS, BY DEFINITION, IN ABSENCE OF SERIOUS CONFLICT OR CRISIS, THE DECISION TO INITIATE SUCH AN ATTACK WOULD COME FROM A CAREFUL, DELIBERATE ASSESSMENT OF THE RISKS VERSUS THE GAINS. TO DETER SUCH AN ATTACK, OUR FORCES, IN A DAY TO DAY ALERT POSTURE, MUST CLEARLY PROVIDE AN ASSURED, RESPONSIVE CAPABILITY TO RETALIATE AGAINST THE ASSETS MOST VALUED BY THE SOVIET LEADERSHIP.

- DETERRENCE DURING A RAPIDLY ESCALATING CRISIS, SUCH AS THE CUBAN MISSILE CRISIS, LEVIES A REQUIREMENT FOR A HIGH DAY TO DAY ALERT RATE, AND FORCES THAT BECOME MORE STABILIZING WITH A RAPID INCREASE IN DISPERSED, SURVIVABLE ALERT FORCES.

- WE MUST ALSO HAVE FORCES THAT CAN DETER THROUGH A GRADUAL ESCALATION IN TENSIONS ESCALATING INTO A MAJOR SUPERPOWER CONFRONTATION LASTING FOR A PROLONGED PERIOD. REQUIREMENTS FOR THIS CASE INCLUDE THOSE DICTATED BY THE RAPIDLY EVOLVING CRISIS DESCRIBED ABOVE; IN ADDITION, HOWEVER, THIS SCENARIO ADDS THE REQUIREMENT FOR

FORCES CAPABLE OF EXTENDED ALERT WHILE MAINTAINING EFFECTIVENESS.

GIVEN THE IMPROVEMENTS IN TRIAD FORCES OVER THE PAST FIVE YEARS AND ASSUMING CONTINUED PROGRESS IN FORCES PROGRAMMED OVER THE NEXT FEW YEARS -- THE RISK OF A SURPRISE ATTACK WILL REMAIN ACCEPTABLY LOW. ADDITIONS AND IMPROVEMENTS TO THOSE FORCES INCLUDE CONTINUED AND FUTURE DEPLOYMENT OF THE B-1B, THE PEACEKEEPER ICBM, THE TRIDENT II / D-5, AND THE B-2 BOMBER.

DAY TO DAY ALERT FORCES THAT DETER A SURPRISE ATTACK INCLUDE: THE ICBM FORCE WITH A 98% ALERT RATE, WITH HIGHLY ACCURATE AND PROMPT WEAPONS; ONE-THIRD OF OUR BOMBER FORCE ON ALERT AT ANY TIME, CAPABLE OF IMMEDIATE LAUNCH FOR ATTACK OR DISPERSAL, AND ABOUT ONE-THIRD OF THE SLBM FORCE DISPERSED AT SEA. CINCSAC'S MOST URGENT REMAINING OPERATIONAL REQUIREMENT -- THE ABILITY TO PROMPTLY TARGET SOVIET STRATEGIC WEAPONS AND SUPPORT FACILITIES -- IS NOW BEING FILLED WITH THE DEPLOYMENT OF PEACEKEEPER.

THE REQUIREMENTS OF CRISIS STABILITY -- THE SECOND MAJOR TASK OF THE STRATEGIC DETERRENT FORCE -- HAVE SHAPED THE RAIL GARRISON BASING MODE FOR PEACEKEEPER. THAT SYSTEM WILL PROVIDE A COST-EFFECTIVE AND MANPOWER-EFFICIENT MEANS OF PROVIDING GREATLY IMPROVED STABILITY IN ANY CRISIS, WITH A HIGHLY SURVIVABLE DEPLOYMENT OPTION AVAILABLE FOR USE AT ANY TIME NEEDED. THOSE FORCES WILL MAINTAIN A HIGH DAILY ALERT RATE IN GARRISON AND, WHEN NEEDED, IN A DISPERSED MODE.

SIMILARLY, BOMBER FORCES CAN RAPIDLY INCREASE

ALERT FORCES AND DISPERSE AT SHORT NOTICE, INCREASING THEIR SURVIVABILITY AND RAISING THE RISKS FACED BY ANY ADVERSARY.

TO MEET THE THIRD SITUATION - DETERRING THROUGH AN EVOLVING CONFLICT - ICBMS ARE NORMALLY AT NEAR FULL ALERT RATES AND BOMBERS ARE CAPABLE OF EXTENDED PERIODS OF INCREASED ALERT WHILE MAINTAINING THEIR OPERATIONAL EFFECTIVENESS.

THE SMALL ICBM WOULD PROVIDE TARGETING FLEXIBILITY AND A DISCRIMINATE TARGETING CAPABILITY ACROSS ALL THESE SCENARIOS. THE SINGLE WARHEAD CONFIGURATION WOULD PROVIDE TARGETING FLEXIBILITY AND HIGH SURVIVABILITY IN A NORMAL DAY-TO-DAY POSTURE. BUT IN THE SEVERELY RESOURCE-CONSTRAINED ENVIRONMENT WE NOW FACE, THESE CAPABILITIES WOULD COME AT THE EXPENSE OF DEBILITATING CUTS IN THE THEATER FORCES SO ESSENTIAL TO DETERRENCE AT THAT LEVEL.

THEATER FORCES

MOVING TO THE LEVEL OF THEATER FORCES: THE REQUIREMENTS OF THE FLEXIBLE RESPONSE STRATEGY HAVE BEEN THOROUGHLY EXAMINED BY THIS COMMITTEE OVER PAST MONTHS. THE TASK ESTABLISHED BY THAT STRATEGY FOR THEATER NUCLEAR FORCES IS CLEAR: THEY MUST ENSURE THAT ANY ADVERSARY PERCEIVES THAT THE THREAT OF ESCALATION TO THEATER NUCLEAR WEAPONS, AND THE COST TO THE AGGRESSOR OF SUCH AN ESCALATION, MAKE THE POSSIBLE GAINS FROM A CONVENTIONAL ATTACK NOT WORTH THE RISK.

AFFORDABLE PROGRAMS, CLEARLY WITHIN THE LIMITS OF THE INF TREATY, CAN PROVIDE THIS CAPABILITY. THE NECESSARY AIR FORCE PROGRAMS -- THE F-15E, UPGRADING THE F-111 FORCE, NIGHT AND ADVERSE WEATHER CAPABILITY FOR THE F-16 FORCE, A STANDOFF NUCLEAR WEAPON FOR DUAL CAPABLE AIRCRAFT, IMPROVED SHELTERS FOR NUCLEAR WEAPONS -- HAVE BEEN REQUESTED BY THE AIR FORCE FOR SOME YEARS AND MOST WERE FUNDED AND WELL UNDERWAY BEFORE THE SIGNING OF THE INF TREATY. THE LOSS OF THE PERSHING II AND THE GLCM SIMPLY MAKES IT MORE IMPORTANT THAT THESE PROGRAMS STAY ON TRACK.

SIMILARLY, AT THE CONVENTIONAL LEVEL, AIR FORCE PROGRAMS HAVE BEEN CAREFULLY AIMED AT FILLING THE REQUIREMENTS GENERATED BY THEATER STRATEGIES.

WHILE SPECIFIC REQUIREMENTS VARY FROM THEATER TO THEATER, BROAD CORE AIR TASKS, ESSENTIAL TO THE CAPABILITIES OF COMBATANT COMMANDS IN ALL THEATERS INCLUDE:

- RAPID DEPLOYMENT OF FORCES OVERSEAS, AND WITHIN THE THEATER;

- GAINING AIR SUPERIORITY WHEN AND WHERE REQUIRED FOR CONDUCT OF THE AIRLAND BATTLE;

- SUPPORTING GROUND FORCES FROM THE CLOSE BATTLE, TO THE DEPTH OF THE BATTLEFIELD;

- DELAYING, DISRUPTING, AND DESTROYING ENEMY FORCES BEFORE THEY CAN BE BROUGHT TO BEAR AGAINST FRIENDLY FORCES;

- PROTECTING FRIENDLY FORCES FROM AIR ATTACKS; AND

- SUPPORT OF MARITIME OPERATIONS

THE FIRST OF THESE REQUIREMENTS, FOR RAPID REINFORCEMENT OF FORWARD-DEPLOYED FORCES, IS ESSENTIAL TO THE CREDIBILITY OF THE FORWARD DEFENSE STRATEGY. THIS REQUIREMENT HAS DRIVEN A SERIES OF AIR FORCE PROGRAMS OVER THE PAST FIVE YEARS -- PROCUREMENT OF C-5Bs, CRAF ENHANCEMENT, EXPANSION OF THE KC-10 PROGRAM, DEVELOPMENT OF THE C-17.

WHILE UPGRADES TO CURRENT SYSTEMS WILL CONTINUE, THE C-17 FORMS THE CORNERSTONE OF OUR CONTINUING PROGRAM TO FILL THIS REQUIREMENT. IT IS THE KEY TO REDUCING STRATEGIC AND THEATER LIFT SHORTFALLS. IT WILL PROVIDE NECESSARY GROWTH IN OUR LIFT CAPABILITY, OFFSET THE CAPABILITY LOST AS OLDER AIRCRAFT RETIRE FROM THE INVENTORY, REDUCE AIRFIELD CONGESTION THROUGH DIRECT DELIVERY, AND VASTLY IMPROVE THE OPERATIONAL FLEXIBILITY OF THE THEATER COMMANDERS.

THE FORWARD DEFENSE STRATEGY DEMANDS THAT AIR FORCES GAIN THE AIR SUPERIORITY NECESSARY FOR LAND, NAVAL, AND AIR FORCES TO ACCOMPLISH THEIR MISSIONS. AMERICAN FORCES HAVE ENJOYED THAT SUPERIORITY IN EVERY CONFLICT INVOLVING U.S. FORCES SINCE THE ADVENT OF THE AIRCRAFT. THAT SUPERIORITY IS ABSOLUTELY ESSENTIAL TO SUCCESS IN FUTURE CONFLICTS. WE HAVE A SERIES OF PROGRAMS UNDERWAY TO MAINTAIN THAT CAPABILITY IN THE FUTURE. THIS REQUIREMENT MUST BE FILLED. A FAILURE HERE JEOPARDIZES ALL OTHER MISSIONS.

THE SOVIETS ARE FIELDING A NEW GENERATION OF FIGHTERS AND ORDNANCE CHALLENGING OUR ABILITY TO CONTROL THE SKIES AT NEEDED TIMES AND PLACES. THE LOOK DOWN-SHOOT DOWN THREAT POSED BY THESE AIRCRAFT, COUPLED WITH THEIR CLOSE-IN MANEUVERING CAPABILITIES, GIVES THEM ROUGH TECHNOLOGICAL PARITY WITH OUR FRONT-LINE FIGHTERS.

GIVEN THE NUMERICAL IMBALANCES LIKELY TO EXIST IN ANY FUTURE CONFLICT, AND THE ROLES OF AIR FORCES WITHIN THE OPPOSING FORCES, A STANDOFF IN THE AIR BATTLE WOULD REPRESENT A VERY SIGNIFICANT ADVANTAGE FOR THE ADVERSARY. THEATER STRATEGIES ALSO REQUIRE EFFECTIVE AIR DEFENSE TO PROVIDE FREEDOM OF ACTION FOR OUR LAND, NAVAL, AND AIR FORCES. THE REQUIREMENTS FOR AIR TO AIR SUPERIORITY HAVE SHAPED THE CAPABILITIES WE ARE NOW DEVELOPING IN THE ADVANCED TACTICAL FIGHTER AND THE AMRAAM MISSILE.

WINNING THE AIR BATTLE IS CRITICAL TO THE SUCCESS OF THE THEATER CAMPAIGN -- BUT A VICTORY THERE MEANS LITTLE IF WE CANNOT WIN ON THE SURFACE. AIR FORCES MUST SUPPORT GROUND FORCES DAY OR NIGHT, IN BAD WEATHER OR GOOD, IN THE FACE OF FORMIDABLE DEFENSES, FROM THE CLOSE BATTLE TO THE DEPTH OF THE BATTLEFIELD AND BEYOND.

AGAIN, THE AIR FORCE HAS UNDERTAKEN A SERIES OF PROGRAMS TO FILL THESE THEATER REQUIREMENTS.

-- WE HAVE SOLICITED INDUSTRY PROPOSALS FOR AN AIRCRAFT CAPABLE OF EXECUTING THE CLOSE AIR SUPPORT MISSION IN THE HIGH-THREAT ARENA OF THE

1990s. CANDIDATES UNDER CONSIDERATION WILL RANGE FROM MODIFIED VERSIONS OF EXISTING DESIGNS TO NEW SPECIALIZED DESIGNS.

- PROGRAMS SUCH AS THE F-15E, UPGRADES TO THE F-16, AND LANTIRN WILL STRENGTHEN AIR FORCE CAPABILITIES FOR NIGHT ATTACK, AND OUR ABILITY TO DISRUPT AND ATTRIT ENEMY FORCES NOT YET IN CONTACT WITH FRIENDLY GROUND FORCES. WE MUST CONTROL THE FLOW OF ENEMY FORCES TO THE CLOSE BATTLE, TO NEGATE THEIR OVERALL NUMERICAL SUPERIORITY.

- SUPPORTING THESE TASKS ALSO DEMANDS IMPROVEMENTS IN CURRENT MUNITIONS, SURVEILLANCE CAPABILITIES, AND COMMAND AND CONTROL. PROGRAMS FILLING THESE REQUIREMENTS -- THE COMBINED EFFECTS MUNITION (CEM), THE SENSOR FUSED WEAPON (SFW), JOINT SURVEILLANCE TARGET ATTACK RADAR SYSTEM (JSTARS), A SERIES OF COMMUNICATIONS INITIATIVES -- ARE ENTERING OPERATIONAL SERVICE OR ARE ON THE WAY.

OVER THE PAST FEW YEARS, LAND-BASED AIR FORCES HAVE ASSUMED AN INCREASING ROLE IN SUPPORT OF THE MARITIME OPERATIONS NECESSARY TO KEEP SEA LANES OPEN, TO LEVERAGE NAVAL BATTLE GROUPS, AND TO HELP COUNTER SOVIET NAVAL FORCES. LIKE MORE TRADITIONAL THEATER MISSIONS, THESE TASKS ARE CENTRAL TO THE THEATER COMMANDERS' ABILITY TO EXECUTE THEIR STRATEGIES. IMPROVED CAPABILITIES IN THIS ROLE HAVE NOT DEMANDED MAJOR FORCE STRUCTURE OR EQUIPMENT CHANGES. EFFECTIVE, REALISTIC TRAINING PROGRAMS ARE INCREASING AIR FORCE EFFECTIVENESS IN THIS IMPORTANT ROLE. THE RESULTS MAY BE SEEN IN SUCH EFFECTIVE JOINT OPERATIONS

AS THE 1986 OPERATION AGAINST LIBYA AND THE ONGOING OPERATION IN THE PERSIAN GULF.

LOW INTENSITY CONFLICT

AT MY LAST APPEARANCE BEFORE THIS COMMITTEE I OUTLINED THE DIFFICULT BALANCE OF REQUIREMENTS FACING OUR MILITARY FORCES -- OF BALANCING THE LIKELIHOOD OF CONFLICT AT VARIOUS LEVELS, WITH THE CONSEQUENCES SHOULD DETERRENCE FAIL.

CLEARLY WE MUST FACE UP TO THE COST OF ASSURED DETERRENCE AT THE STRATEGIC NUCLEAR LEVEL. THE CONSEQUENCES OF FAILURE TO DETER AT THIS LEVEL MAKE THE STRATEGIC NUCLEAR LEVEL UNQUESTIONABLY THE HIGHEST PRIORITY MISSION OF THE ARMED FORCES.

AT THE OTHER END OF THE SPECTRUM OF CONFLICT, THE DIFFICULTIES IN ADEQUATELY ADDRESSING LOW INTENSITY CONFLICT SITUATIONS DO NOT STEM FROM A LACK OF COMMITMENT OR UNDERSTANDING. THE COMPLEXITY COMES FROM THE FACT THAT THE RANGE OF REQUIREMENTS AND POSSIBLE SCENARIOS IS SO BROAD.

OUR APPROACH TO GENERATING THE CAPABILITIES NECESSARY AT THIS LEVEL HAS BEEN SUPPORT FOR A COMBINATION OF SPECIAL OPERATIONS CAPABILITIES AND CONVENTIONAL FORCES THAT CAN BE TAILORED FOR ANY CONTINGENCY FROM COUNTER-TERRORISM TO A MAJOR REGIONAL SITUATION. SPECIAL OPERATIONS CAPABILITIES, IN CONJUNCTION WITH CONVENTIONAL FORCES, PROVIDE FOR APPROPRIATE RESPONSES TO LIC THREATS. AIR FORCE PROGRAMS FOR SPECIAL OPERATIONS CAPABILITIES HAVE

FOCUSED ON RAPID RESPONSE AIRLIFT FOR FORCES OF ALL SERVICES, WITH SPECIALLY EQUIPPED C-141S AND SPECIALLY TRAINED CREWS, THE MC-130, THE HH-53 PAVE LOW, AND IN THE LONGER TERM, THE CV-22.

SUMMARY

THIS OVERVIEW HAS OUTLINED THE CLEAR AND DIRECT LINKAGE FROM THE NATIONAL MILITARY STRATEGY, TO AIR FORCE PROGRAMS NOW UNDERWAY. THOSE PROGRAMS HAVE BEEN DEFINED TO FILL SPECIFIC REQUIREMENTS OF THE COMBATANT COMMANDERS. PROPERLY SUPPORTED, THEY WILL SIGNIFICANTLY REDUCE THE RISK AT ALL LEVELS OF DETERRENCE, AND IMPROVE OUR CHANCES OF PREVAILING IN COMBAT SHOULD THAT OCCUR. THESE PROGRAMS ARE WELL-CONCEIVED TO SUPPORT A COHERENT AND RATIONAL STRATEGY. THEY ARE WELL STRUCTURED. BUT EFFICIENT IMPLEMENTATION THAT PRODUCES THE MOST DEFENSE FOR THE DOLLAR REQUIRES A STEADY COMMITMENT TO SUPPORT THESE PROGRAMS. ANY OTHER APPROACH IS INHERENTLY WASTEFUL.

I LOOK FORWARD TO YOUR QUESTIONS, AND TO THE OPPORTUNITY TO DISCUSS THESE MATTERS IN MORE DETAIL.

Senator LEVIN. General Welch, we thank you.

My first question goes to each of you.

Senator WARNER. Mr. Chairman, might I request unanimous consent that Admiral Hardisty may wish to insert in the record following his statement some statements attributed to Admiral Trost. I had been told that may be a request made by the Department of the Navy.

Admiral HARDISTY. Yes sir, that was made earlier, sir, his posture statement and his letter to Senator Warner of March 11, 1988.

JOINT OFFICER PROVISIONS

Senator LEVIN. Last year the committee recommended a number of major modifications to the joint officer provisions of title IV of the Goldwater-Nichols Department of Defense Reorganization Act. The House of Representatives opposed a number of these changes in conference and as a result not all of the Senate proposed changes were enacted. This is going to require additional attention this year.

I would like to ask each of you what additional changes if any do you believe should be made this year to the joint officer provisions, and let's start with General Gray and go that way.

General GRAY. Well the title IV has been the topic of a great many meetings for all of the service chiefs as part of the Joint Chiefs of Staff capability. Far, far too many in my humble opinion. And having said all of that from the Marine Corps standpoint, we have a law and it is a sense of the Congress that we needed that law, and your Marine Corps will do everything it can to execute and meet all of those requirements. And then when we run out, which we will, because we simply do not have the base to meet those kind of requirements, we will come through the chain of command to the Congress and ask for some relief, sir.

Senator LEVIN. General Welch.

General WELCH. As we have worked during this past year to do our very best to implement all the provisions of title IV it is very obvious to us that we need all of those things that we asked for last year.

We have not identified additional things we need to ask for at this time because our approach has been to do everything possible to implement the provisions of title IV to the maximum extent we possibly can. And we have only asked for those very modest changes that we feel we must have to implement the spirit and intent of the law.

At the present time there are contradictory requirements in the law that defeat the intended purpose of improving the quality of the joint officers. So we are asking once again your full support in making those changes that we asked for last year.

Senator LEVIN. You have no changes from that list?

General WELCH. Not at this time. That does not mean that there will not be future changes. But we are trying to implement the law. And we have just identified those things that really make it in fact not possible to do that.

Senator LEVIN. Thank you. Admiral Hardisty.

Admiral HARDISTY. I certainly support what General Gray and General Welch have said, Mr. Chairman. We do need some relief. We tried very hard in the Navy to meet the intent and the spirit of the law, and we are doing very well. We have made a tremendous management effort to do that.

We still find, though, that we have problems with tour lengths, the sequencing and some of the other things that were submitted to this committee last year. That affects not only our junior officers but our senior officers. If we are going to retain the leadership and war fighting expertise that we need in the military as well as improving joint staff experience, we need some relief on tour lengths so that we can better manage. So we do support some relief. We are making good progress in implementing the law. We are doing our very best. It is a numbers game.

Very definitely the numbers of joint billets are not there to support what we need for all of our officers who are coming along. You gave us some relief for our nuclear trained people, both our nuclear trained surface officers and submariners.

But if we are to protect our war fighting capability with our people that have to learn that at sea and have to stay at sea, we need some relief in the law, sir. And we hope that that comes forward in the very near future.

Senator LEVIN. Admiral, thank you. General Vuono.

General VUONO. Mr. Chairman, we all agree and have the same objective and that is to improve our joint war fighting capability. Now to do that, you have to ensure that you provide the service competence among your officer corps so that they understand how to fight within their own service and then can carry that through in terms of joint and combined war fighting. I think that we all agree on that.

All the chiefs have worked very hard to implement all aspects of the law. Title IV is one that has taken a particularly great deal of our time because it involves people, our leaders. We are trying to ensure that we implement it correctly, carry out the joint objectives; but, at the same time, ensure a career pattern for our officers that in fact allows them to become competent in joint war fighting.

So, we need to have those modest changes that we have asked for approved by the Congress. We then will apply those properly, and as we work together over the next several years, determine whether those are sufficient or whether there are additional requests based on experience that we must ask for in carrying out jointly our objectives to improve our joint war fighting capability.

Senator LEVIN. Thank you, General. This next question is also for each of you.

This year's budget was cut $33 billion compared to last year's plans. And over the next 5 years Secretary Carlucci needs to cut $300 billion.

My question is, how far will the cuts that you make this year take you in reaching the $300 billion of total cuts and how much more will you have to cut. General Vuono, let me start with you this time.

General VUONO. Just roughly as we are working the fiscal year 1990–94 program now for the Army, probably it amounts to about $90 billion less over the program years from what we thought our original program was going to be.

Senator LEVIN. Admiral.

Admiral HARDISTY. We are looking now at a figure of about $100 billion, very similar to what General Welch said. It is Navy's portion or thereabouts of the $300 billion, sir.

Senator LEVIN. But the question is how far will the cuts that you made this year take you toward that goal. Do you know?

Admiral HARDISTY. Well we took $12.6 billion this year out of that total, sir.

Senator LEVIN. But against that $100 billion target.

Admiral HARDISTY. Against that $100 billion target over the 5 year FYDP.

Senator LEVIN. How much of that $100 billion will be met by the cuts that you took this year if they are continued?

In other words, when you retire ships this year that also saves money in out years. Do you know how much savings in the out years your actions this year will achieve?

Admiral **Hardisty**. There will be some out year savings, sir, but with the modernization needed and the other things, they will not be all that significant. Over the planned lifetime of the 16 frigates that were cut, the savings would have amounted to about $1.4 billion. I would say in the neighborhood of another $3 billion to $4 billion in savings would be in this year's cuts.

So I would say that we are no more than $15 to $16 billion toward that target of $100 billion in what we did this year.

Senator **Levin**. From all the cuts?

Admiral **Hardisty**. That is correct, sir.

General **Vuono**. My best estimate, based on what we took in 1989 carried out through the program years, is probably another $16 to $20 billion but we will get that for the record, Mr. Chairman.

[The information follows:]

We estimate that the fiscal year 1989 cuts flowed to the outyears will account for a reduction of approximately $34 billion.

Admiral **Hardisty**. I would like to get it for the record too, sir.

[The information follows:]

Prediction of future savings is always difficult and often dangerously misleading. However, many of the adjustments made in fiscal year 1989 will have an outyear impact. For example, the Department of the Navy (DON) will be taking extensions of Congressional reductions to fiscal year 1988, such as reduced travel and anticipated savings from audits, from Navy programs in fiscal year 1990 and out (as we have already done in fiscal year 1989). It is estimated that total DON adjustments to fiscal year 1989 would, conservatively, result in reductions of $50 billion (including $12.3 billion in fiscal year 1989) over the period fiscal year 1989–1993 (which is the time period covered by Secretary of Defense Carlucci's goal of $315.5 billion in reductions). Remember that the Department, in the ongoing PPBS process, is currently examining fiscal year 1990–1994 both for additional reductions and for areas in which previous reductions may threaten to increase risk beyond acceptable levels. The conclusions produced by this extensive analysis will be available next January in the form of the fiscal year 1990/1991 Biennial Budget submission.

Senator **Levin**. General Welch.

General **Welch**. Well as I said in our statement, our 1989 cuts were well harmonized with what we are going to have to do for the succeeding 5 years. We took one fighter wing down in 1989. That is on the way to taking it down three fighter wings. Two more fighter wings in 1990 for example. Our not funding the Small ICBM pays about a third of the bill from 1992–1993. So that the actions that we have started in 1989 were totally in harmony with what we are going to have to do from 1992–1993 to meet that overall requirement.

Fighter production will come down in 1990. Our multiyear on the F–16 ends in 1989. Our multi-year for 1990 and beyond would be somewhat smaller. But the point is that in 1989 we have made those tough decisions that are aiming at the 1990 and beyond, cuts that we know we face.

SMALL ICBM

Senator **Warner**. Mr. Chairman, could I interrupt just for a moment to ask the General if he wants to reflect on the statement of not funding the Small ICBM? This is the third time we have heard the statement in the last 2 or 3 days. The head of the GAO came over and said that the program was cancelled. The Secretary of the Air Force said this morning the program was cancelled, and then we provided him with some letters and he revised his statement.

My understanding is that there is $200 million in R&D, and that we are looking at funding at a profile that will enable the next President to have an option in that program.

I tell you what I would do. I would like to have the Chairman get the General copies of the correspondence so that he can examine them. When my turn comes for questioning, I will go back into this issue.

Senator **LEVIN**. Thank you. General Gray, do you have a comment on that? What other savings are there from the cuts that you made this year?

General **GRAY**. I don't see any outyear savings per se in that sense. And I would have to get an answer for the record for that.

[The information follows:]

FUTURE BUDGET CUT REQUIREMENTS

Senator **LEVIN**. This year's budget was cut $33 billion compared to last year's plans. And over the next 5 years Secretary Carlucci needs to cut $300 billion. My question is, how far will the cuts that you make this year take you in reaching the $300 billion of total cuts and how much more will you have to cut.

General **GRAY**. The Marine Corps budget is contained in the Department of the Navy budget which took a $12.6 billion cut for fiscal year 1989. The Marine Corps' fair share of that was about $900 million. This does not include the cuts affecting the Marine Corps in the Navy's aviation procurement.

In conjunction with the fiscal year 1989 reduction, the fiscal guidance for the program years (fiscal year 1990–fiscal year 1994) was reduced $5.7 billion. This fiscal guidance reduction constitutes the Marine Corps' contribution to the target reduction.

General **GRAY**. Let me just say that the cuts we are taking this year include all but eliminating our tank procurement program, and reducing three infantry battalions. Now this is almost 3,000 people, organized, trained and equipped to meet the most likely conflict that I alluded to earlier. That is muscle. And so we are cutting muscle, and I believe it is wrong.

What you will do in the next 4 or 5 years is cut more muscle and I have problems equating that to savings.

Senator **LEVIN**. General, if you would expand your answer for the record, because what I am trying to do is to get the savings next year from the cuts you are making this year. I believe there are some savings but rather than press that now, if you would just expand that for the record, it would be helpful.

General **GRAY**. Primarily, within the Department of the Navy, and I should know, we really do not have enough in there to even show up on the pie chart compared to my colleagues.

Senator **LEVIN**. That is the kind of slice of pie I should eat, but don't. It is much smaller than I usually eat. [Laughter.]

Senator Warner.

Senator **WARNER**. I would yield to my colleague.

Senator **LEVIN**. Senator Dixon was next on our early bird rule.

STRATEGIC HOMEPORTING

Senator DIXON. Admiral Hardisty, could you tell me how much you requested this year for strategic homeporting and how much is still unobligated from funds provided in past years for homeporting?

Admiral HARDISTY. I may have to get the exact figure. I know that we were about——

Senator DIXON. How much this year first, how much unobligated from funds provided in previous years?

Admiral HARDISTY. I thought our totals were about $80 million that we were funded for this year and that our request was $120 million. I am sorry, sir, but I do not have that. If I could take that for the record I will get the exact figures. There is some unobligated, particularly, there was $18 million in San Francisco that was unobligated because we did not get the EIS environmental protection approval at Hunter's point and also we do not have the city's concurrence with bringing the battleship there. So we deferred obligating funds.

Senator DIXON. I was involved in that subcommittee so I am aware of that issue. Well if you will supply those numbers.

[The information follows:]

In MILCON $207 million was requested for fiscal year 1989 in support of the Strategic Homeporting Program; $354 million has been appropriated for this program in fiscal year 1986 through fiscal year 1988, and $194 million has been obligated. Additionally, $61 million contributed by local communities has been used to offset project costs.

Senator DIXON. In light of the funding reductions in this amended budget, Admiral, did the Navy consider canceling or scaling back the strategic homeporting effort this year?

Admiral HARDISTY. We looked at where there could be economies, Senator. And we have problems in Staten Island, we have problems in San Francisco. We did not scale back because we were not fully funded in any of the areas, such as Mobile which was $18 million, but I think we are back to $11 million. We were not fully funded at Everett. We went ahead and did not scale back on what was authorized and appropriated because we needed to do that, so as to not break contracts and to really get started, sir.

So we continued to, if you will, go ahead and go on to contract for what was authorized and appropriated in this year.

Mr. DIXON. Did you make a determination about which had a higher priority, retaining the 16 frigates which are retired in this budget in the force structure or strategic home porting, did you make a priority decision on that?

Admiral HARDISTY. The decision on the 16 ship frigates was a tough decision. It was made for good reason given the fiscal realities that we faced, Senator. In looking at the priorities for strategic homeporting, we looked at the overcrowding in our other homeports, maintaining battle group integrity, surge operations, quality of life issues and very importantly, getting our sailors somewhere where they can get housing; where the cost of living is something that they can afford. We are in areas like San Diego and San Francisco which are just tough for the sailor.

Bottom line we prioritized everything and certainly force structure was something that we did not want to lose, and wanted to protect. But with the fiscal realities we faced, we did go with the reduction of the 16 frigates, Senator.

Senator DIXON. Well let me ask you this. Since part of the rationale for the strategic homeporting plan was the need to accommodate the 600 ship fleet, have you reevaluated this plan in light of the smaller perspective fleet?

Admiral HARDISTY. We certainly have sir. Our new ships are larger. The crew size of the new ships is larger. We are not going to quite make the numbers of the 600-ship fleet obviously, as you well know. That is still our goal. That is still the capability that we want in your Navy, represented by approximately 600 ships. We will end up with 582 ships this year if the 16 frigates are reduced.

We do intend with modest growth, if we get growth or even with a zero budget, to maintain a force level increase, as the older ships retire, and construction of about 20 ships per year progress. That was our goal, sir, and still is our goal.

HOMEPORT IN ALASKA

Senator DIXON. Let me ask you this final question.

Are you considering adding another home port in Alaska to the list of strategic home ports, notwithstanding the reduction in your force level?

Admiral HARDISTY. That is under study sir, and strictly just that. We have operated more in the Gulf of Alaska and in the Aleutians in the last few years as you know. It is a strategic area. We do have the battle group at Everett, Washington forthcoming.

We are looking at homeporting in Alaska, but it is strictly under study at this time. You see announcements in the papers though.

Senator DIXON. I thank the Chair.

Senator LEVIN. Senator Dixon, thank you. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. General Vuono, you opened up with a subject that is of great interest to many of us—the flexibility for currency abroad. I particularly hope that would include the men and women stationed there and their families, not only in contracting, but across the board. Is that correct?

General VUONO. Yes, sir.

Senator WARNER. Do the Joint Chiefs have a legislative proposal on that?

General VUONO. Senator, there is a request for transfer of authority to alleviate the problem that we are having in fiscal year 1988. For the Army alone it is about $500 million from what we were budgeted.

Senator WARNER. Is that legislated, or a reprogramming? I want to help you, but I need to get a hold of this issue.

General VUONO. Well, we want you to help us and it is important that we work together on it.

Senator WARNER. Would you send your legislative people over to show me precisely the road map that you want to take, so my colleagues and I can evaluate it.

General VUONO. We will do that. Because I think all of us are in the same situation for fiscal year 1988.

"CORAL SEA" AND "MIDWAY"

Senator **Warner**. General Hardisty, this committee will be examining as is its responsibility, the option of removing the *Coral Sea* and *Midway* from active service before scheduled retirement.

Would you care to comment? First, what are the scheduled retirements?

Admiral **Hardisty**. Scheduled retirements at this time, Senator, for the *Coral Sea* is 1992 and 1996 for the *Midway*. When we bring *Abraham Lincoln* onboard in 1990, we will have 15 carrier battle groups deployable as you know. In 1992, when *George Washington* would come on board, we would retire *Coral Sea*.

Senator **Warner**. Given that schedule, this committee will be looking at, in the judgment of the Senate, whether or not we should retire those ships early. How would you propose to respond in the event that this committee asks for assistance?

Admiral **Hardisty**. Senator, that has been repeatedly studied. We feel both in peace time and certainly in war time as well, the minimum requirement is 15 deployable carrier battle groups to carry out the national strategy. We are not in classified session here but, if the Joint Chiefs of Staff were to testify, that figure is well above 15 carrier battle groups.

Senator **Warner**. So there would be further degradation in the ability to meet the Navy's portion of those commitments?

Admiral **Hardisty**. Not only Navy's portions sir, but those commitments are national commitments as well.

MEDICAL CARE

Senator **Warner**. This morning, the service Secretaries addressed the question of the medical care for the military personnel and their dependents and retirees.

I wonder if each of you could comment on this. Do you have any specific proposals for the Congress on the issue. I will start with you, General Gray.

General **Gray**. Of course, with respect to——

Senator **Warner**. This is medical care for active and retired.

General Gray. With respect to our people, as the Senator knows, the Department of the Navy and the Navy as a service provides that type of capability for your Marine Corps. I would only say that the problem that we face, in three words, is manpower, manpower, and manpower. And, that from my vantage point——

Senator **Warner**. Do you mean in the medical services?

General **Gray**. Yes, sir. And from my vantage point we have 48 to 50 percent of the kind of medical and support personnel that we need to provide the care that we all want.

Senator **Warner**. Would you suggest that we look at paying allowances for medical personnel and perhaps making further adjustments?

General **Gray**. I think that is a viable approach sir. I think that we need to look at. We have a game plan within the Department of Navy which Admiral Hardisty can talk to you about better than I.

Senator **Warner**. Admiral Hardisty, why don't you pick up there?

Admiral HARDISTY. Yes sir, Senator. As you know, in this amended budget, we have protected Navy medicine. We fully recognize where we are deficient. We are doing our very best to recruit more doctors and more medically qualified personnel. It is awful tough out there.

Senator WARNER. Do you need any help from the Congress?

Admiral HARDISTY. Yes sir, we do need help from the Congress.

Senator WARNER. Do you have any specific legislative proposals?

Admiral HARDISTY. I don't have a specific, but we have been working on some programs, sir, that we will get over to you and discuss with your staff.

Senator WARNER. I would be happy to receive that and work with my colleagues in evaluating it.

General Vuono, do you have any comment?

General VUONO. Well as you know Senator, it is a challenge for all of us. One of the ways you can help of course, is to assist us in ensuring that we get the pay raise because that is helpful.

Another is your support with the committee and the Congress reference further officer reductions. Part of that if we are forced to take it in 1989 and 1990 for the Army will include medical personnel.

Senator WARNER. My guess is that you would find contrary sentiment in the Congress to that management decision. Because you are already deficient, I do not see how we can join in that.

General VUONO. And, of course, continued support for medical programs. As you know, we have opened a number of PRIMUS clinics in the area and they are very, very good for our soldiers and their families. We need continued support for the funding of these.

Senator WARNER. General Welch, do you have any comment?

General WELCH. Yes, sir. As you know, one of the difficulties has been the cost of CHAMPUS and what that has done to our retirees. We can provide better medical care and get more from our costly medical facilities. What we need from the Congress is full support for the funding for the military in facility medical care that we can provide. We can attract more doctors, we can attract more nurses. We can get better use out of the existing medical facilities and medical facility construction program, but we need to have that properly funded and we need an end to the attack on the officer strength needed for doctors and nurses.

See, a significant part of the Air Force increase in officers strength was in doctors and nurses.

Senator WARNER. I was unaware of that. I am glad that you brought it to our attention.

General GRAY. May I just add one thing sir. There is also a school of thought that says your medical capability should be organized, trained and equipped just to support the Active Forces. That is at odds with what I think.

Senator WARNER. Well I concur in that observation. There is a contract made with our people from the time that they put on their uniform and that contract should continue after retirement or other reasons for separation.

MIDGETMAN PROGRAM

General Welch, I would like to return to the question of the Midgetman program. I have now provided you with a letter from Chairman Nunn, myself and Mr. Aspin to the Secretary of Defense and his reply. I do not know if you have had a chance to look at it. However, the thrust of it is our collective judgment that the next President should have the option to examine the Midgetman program and determine whether or not he or she wishes to incorporate it into the defense plan. In this case, the strategic modernization program for fiscal year 1990, we are not funding. This morning, although he corrected it, the Secretary indicated that the program was canceled. And Mr. Bowsher of the GAO came right out and said that it was canceled. And somehow, word has not filtered down to the operating level where the budget is being worked on.

Could you help us? What is the status of the program in your judgment?

General WELCH. Absolutely, and I think everything that I said is totally consistent with that. The Air Force——

Senator WARNER. Let me get this straight. Everything you said was what?

General WELCH. Totally consistent with what you just said. The Air Force fully funded the program in 1988. We had intended to fully fund it for full scale development. When we lost the $10.5 billion in 1989 and $100 billion beyond 1989 it became apparent to us the only choice the Air Force had to fund Small ICBM was to take that money out of conventional forces. And we elected not to do so simply because the money is not available.

After several discussions with Members of Congress and the Senate et cetera, the Secretary of Defense elected to put enough money into 1989 so that added to the money in 1988 we could keep that program alive, so the decision could be made by the next administration.

However, we still have the funding program. We still do not have the funding in 1990 and beyond to fully fund a projected Small ICBM program unless we take that money out of conventional forces. And the Air Forces does not believe that that is the right thing to do. If there is a decision to continue the Small ICBM by the next administration, there must also be a decision to provide the funding to do so.

So what I said is that funding is not in the Air Force program in 1990 and beyond.

Senator WARNER. I misunderstood you. I thought you were addressing the 1989 program.

General WELCH. No sir. I agreed to where we are in 1988 and 1989. I supported that decision. But I certainly would not support taking that money out of conventional forces in 1990 and beyond.

Senator WARNER. General, you are very clear on that question. Mr. Chairman, that concludes my time.

Chairman NUNN [presiding]. I believe Senator Shelby is next.

ANTI-SUBMARINE WARFARE

Senator SHELBY. Thank you, Mr. Chairman. Yesterday Admiral Baggett was before the committee and he was talking about, among other things, the Soviet ability to quiet their submarines, and that anti-submarine warfare was the Navy's No. 1 priority.

I was wondering what you thought Admiral about the advances that Soviets have made in the ability to quiet their submarines, making it difficult if not impossible, I would not say impossible, to detect them and is that causing any second look at the strategy of forward defense? And I would like to hear your comments on that.

Admiral HARDISTY. I will not be evasive sir, and I will try to keep this unclassified. Obviously I will have to.

I was aware of Admiral Baggett's comments to the committee yesterday. I have seen Admiral Baggett's quieting graphs, which certainly the Navy supports and agrees with. It does present an acceleration of a problem that we anticipated we would have to address some day but we are having to address it a little sooner.

That has caused a change in looking at how we cope with that problem with new technology and in bringing that new technology on line. Because there are a lot of new systems coming along, your question might be is the Navy funding ASW as our No. 1 priority, and are you fully funding IUSS, sonobuoys, et cetera, a long list of things that were on his IPL, which are not totally fully funded but are incrementally funded.

Senator SHELBY. They are a high priority, are they not?

Admiral HARDISTY. Very high priority, and ASW is the CNO's No. 1 priority. We still feel that we have the technological edge Senator, that we can keep up, but we are going to have to strive harder, we are going to have to accelerate some of our projections. It should not affect our strategy at all in regard to the forward strategy. That has to be our strategy and we are fully capable of maintaining that over the coming years.

Senator SHELBY. What impact has the Walker case and the Toshiba affair played here?

Admiral HARDISTY. Well they certainly have played in the equation obviously by giving knowledge to the Soviets that they would not have acquired otherwise. So it put them on a faster track in what they can do to improve their own capability and their own quieting.

Senator SHELBY. As far as the budget equation, what is it going to cost? Do you have any estimates on the acceleration of our programs dealing with that to stay ahead? And I know there is a dollar figure there and it has got to be a big one.

Admiral HARDISTY. There are any number of big dollar figures that have been put forward, Senator. You have seen some of those and you have seen the variance in those dollar figures. There has been some supposition that despite Toshiba the Soviets might have had some of this technology anyhow. And this allowed them to do things at a faster rate, at a smoother rate in a better way.

That certainly is obviously true regardless of whether they had the capability before.

Senator SHELBY. It is really true since they had the Toshiba and the Koenensberg help it has really come to light, hasn't it?

Admiral HARDISTY. Well it has certainly come to light, yes sir in the quieting and in the design of the new propellers. And so we see that trend. The trend is worrisome. It requires our full attention, but we are able fully to cope with it. As far as a dollar figure on what our ASW acceleration of progress has to be, that is pretty hard to estimate. I would like to take that for the record.

Senator **Shelby**. Would the word be substantial?

Admiral **Hardisty**. The word would be. ASW improvements are on the drawing boards and in development. We would have made improvements. We will be doing them a few years early. Significant or substantial is probably a good word, Senator.

INF TREATY IMPACT

Senator **Shelby**. General Welch, what would be the impact of the INF Treaty on your ability, the Air Force's ability, to handle your conventional missions, and how would this be reflected in the budget, if at all?

General **Welch**. Well, I think the impact on the conventional capabilities is no impact at all. The INF agreement does not impact our ability to carry out our conventional mission one way or the other. What impacts our ability, obviously, are the severe budget cuts.

If we lose three fighter wings because of the budget cuts, that is because of the budget cuts, not because of the INF agreement.

Senator **Shelby**. General Vuono, as far as recruiting and retention, what is basically needed from us to maintain the quality of the Army? And I know it goes to everything.

General **Vuono**. Senator, what I would like from you is your continued support for the recruiting effort of the Army. You have given that to us in the past, and as a result of that we have been very successful in recruiting the quantity and quality of young men and women that we want in our force today. It is a tremendous strength and a top priority in the Army.

OFFICER STRENGTH CUTS

Senator **Shelby**. What about—and this may have been asked, because I was out earlier. What about the officer strength cuts? I mean, that has got to have some impact.

General **Vuono**. Yes, it does. And I, along with my colleagues, feel very strongly that we have taken some drastic cuts in 1987 and more in 1988, and we simply need your support, not to require us to take the additional cuts in 1989 and 1990.

In the case of the Army, with the cuts we have taken in 1988, there will be some involuntary release of officers from the U.S. Army. That not only has an impact on readiness, because they are filling slots and required positions, but it also has a morale factor for the officer corps and affects the readiness of the force. So I need—all of us, I would speak for all, but particularly the Army needs your support in not imposing the cuts that are programmed in 1989 and 1990 on the Army.

Senator **Shelby**. My time has expired. Thank you, Mr. Chairman.

Senator **Levin** [presiding]. Thank you, Senator Shelby.

Senator McCain.

Senator **McCain**. Thank you, Mr. Chairman.

And thank you, witnesses, for being here and presenting us with very important testimony.

FIFTEEN-CARRIER BATTLE GROUPS

Admiral Hardisty, one of the issues that was raised during the discussion of whether the Navy should continue to grow toward 15 carrier battle groups is the matter of end strength, as well as availability of air wings. I would like for you to tell us whether the Navy can man the 15th carrier without further growth in end strength, and whether the use of the reserve air groups is sufficient to maintain the kind of efficient battle group that is necessary to meet our commitments.

Admiral HARDISTY. In the case of additional end strength, Senator, to maintain, to man that 15th carrier battle group, we feel that, given where we are today, we will be able to man those ships. But again, it gets back to just what the General said: These fiscal year 1989 2 percent officer reductions are going to hit hard.

During fiscal years 1987, 1988 and 1989 we have lost over 2,800 officers, and we probably fared better in the Navy than the other services, because we were ramping up. It is going to come out of hide, Senator McCain.

However, we can man the fleet. Again, it is going to further draw down on the shore establishment. We have got to keep some moderate ramp-up in personnel to continue to properly man the Navy. We are down at a very critical point right now, I think you realize.

THIRTEEN AIR WING BATTLE GROUPS

The other question on aircraft, sir, I think the 13 active duty air wings battle groups and the two reserve air wings are fully capable of meeting our commitment. The naval aviation reserve air wings are carrier capable and carrier qualified at all times, as you know. So I feel that this mix is adequate for now but we will have to stand up a 14th air wing at about 1996 or 1997. That is in our long range plans.

So we would be ramping back up again at that time if we have the fiscal resources to do that.

Senator MCCAIN. Thank you, Admiral.

As all of the witnesses know, we are in an era of—or painfully aware, we are in an era of reduced spending in defense, and in fact decreased real growth for the foreseeable future.

SOVIET MILITARY POWER

At the same time, there remains a great deal of controversy as to the nature of the threat that we face. Soviet Military Power seems to be the only document around which would give us some at least the Defense Department view of the situation as far as U.S. and allied capabilities versus that of the Soviet Union/Warsaw Pact.

Frankly, that net assessment is not satisfactory to some of us, particularly when we are having to make such very difficult decisions as prioritywise the likes of which certainly we have not had to make in many years. I would like to not only examine the present situation, but the trends, because we are obviously buying for the future, as opposed to buying for now.

And I would like to start with you, General Gray and ask you and each of the service chiefs from their own particular bailiwick how you view the situation today and how you view the trends in the next 5 years or so, given the parameters of either static or somewhat reduced defense spending in the future years.

General GRAY. Yes, sir, Senator. I see the trend in the next 5 to 10 years as one where we will have increasing instability in the Third World regions and lesser developed countries, increasing effort by the Soviet Union and their entourage to create turmoil.

I see no indication in any of our studies that they are going to change their drive toward world hegemony and Marxist-Leninist ideas. I see the need therefore for flexible forces, forces that must bring usefulness, adequate usefulness to the Nation.

We have to have forces that can contain their adventurism outside of the Eurasian land mass. It is one thing with respect to what they do there. It is quite another to let them take their ideas to the remote regions of the globe.

And I would simply add, the biggest trend, of course, is the Russian bear has learned to swim very, very well.

Senator MCCAIN. I would like for the other witnesses to answer. Do you view the trends getting better or worsening vis-a-vis our capabilities versus those of our adversaries?

General GRAY. As I indicated earlier, I believe that we are upping the risk substantially, not so much this year in what we say and what is in the barn, but in the impact ahead. And we are on a slippery slope and we are going to take two or three steps backward while we are trying to perhaps gain one or even hold what we have.

And so I think that there is nothing out there that indicates that we will not drive up the risk and drive up the need for flexible-operative forces. And that is why this instability of officer cuts up, officer cuts back, and doing this and doing that, all of those things are disruptive in terms of your military commanders trying to have fully prepared forces.

Senator MCCAIN. Thank you.

General Welch.

STRATEGIC NUCLEAR LEVEL

General WELCH. Sir, I think on a strategic nuclear level that the strategic modernization program is stable and has prospects for remaining stable. In the theater nuclear business, we had over the years lost superiority, in fact in my view lost parity. The INF agreement helps restore a bit of that balance, but there is nothing to be very comfortable about there.

But the biggest concern is conventional. In conventional force the trends are bad, and I do not think there is any question about that. Our strategy is one of deterrence. That is an austere strategy, and if deterrence fails the condition of the conventional forces is such that there will be great pressure to escalate to nuclear weapons very quickly.

None of us can be comfortable with that situation. We do not see budget cuts in the Soviet conventional forces or in the Soviet nuclear forces, for that matter. We hear a lot of talk and Mr. Gorbachev has a nice smile, but we have not seen a decline in Soviet defense programs.

They continue to build tanks and tactical airplanes. In my view, the trends on the conventional forces are clearly unfavorable.

Senator McCain. Thank you.

Admiral.

SOVIET NAVY

Admiral Hardisty. I would echo that, Senator McCain. I think the trend is down. It is certainly down conventionally. I will speak of the Soviet navy. General Welch has covered the other areas. Certainly their submarine force continues to modernize. They continue to build newer, more capable types. Their surface combatants are newer than our ships.

They have a very good force and they certainly have a very capable blue water navy. As you know, we will have to fight forward sequentially and on the flanks. Admiral Baggett spoke to that yesterday.

We do have maritime superiority over the Soviet navy if we add NATO and our own forces at this time. That is a distinct advantage. But they continue to modernize and expand influence and presence. We would still have to fight sequentially even with this maritime superiority if we are to resupply Europe as well as contain the Soviet navy both in the Pacific and the Atlantic, with a forward defense.

I think we need to continue with modest growth in the future because this particular budget is not the best thing since ice cream. I agree with General Gray on what I see in the future. It is the beginning of a trend as we face larger budget cuts that will be down very definitely.

Senator Levin. Let me interrupt just for one moment. I am going to have to go to the floor and vote. Senator Kennedy is here, so I will turn the chair over to him. I think we just have a couple of minutes left to get there.

Senator McCain. General Vuono.

CONVENTIONAL GROUND CAPABILITIES

General Vuono. Let me just add onto that, Senator. Through the support of this committee, we have improved our conventional ground capabilities, but it has not kept pace with our potential enemies. The Soviet Union has modernized. He is capable of conducting fast-paced operations across a broad front. He has improved his capability to project power, not just within the European theater but elsewhere. We face a significant threat in terms of Third World proliferation all the way through the full spectrum of conflict. We cannot plan for one conflict in one area of the world. We have to be able to plan globally and we have not kept pace, and for that reason we are concerned not only for 1989, but we are concerned about the future.

Senator McCain. Thank you, sir. Thank you.

I am sorry, I have to leave.

Senator Kennedy [presiding]. Whoever would like to respond to the question: During the authorization bill, there was a provision in the authorization bill talking about interim restraint with regards to compliance with United States will not increase its strategic forces beyond current levels as long as the Soviets engaged in a similar restraint and progress is being made on START.

And now the administration has basically abandoned the interim restraint policy in the 1989 budget by adding 30 additional MIRV launchers, 22 B-52 bombers with the ALCM's, and then the one Trident with 24, which is 46, and then decommissioning the Poseidon, which is 16. So that brings the total to 30.

And as I understand, the Soviet Union can build both SS-24s and SS-25s at a fairly significant rate. There is an indication that the Soviets dismantled the SS-17s and SS-19s when they put in their SS-24s, and the SS-11s when they did the SS-25s. And they can also build Delta and Typhoon submarines at a significant rate.

AFFECT OF SOVIET DISMANTLING

And in the process of dismantling—I am just wondering whether you believe that it hurts the U.S. security for the Soviets to halt these dismantlements. Is our security enhanced by building more and their holding, or is our security enhanced by us building more and their continuing to build at the level?

What is your reaction? And I would ask any of you. General Welch.

General **Welch**. Well, I clearly think that we are redressing on imbalance with the strategic modernization programs and that they are very definitely enhancing U.S. security. I further believe that this continuing build is a powerful influence in the START negotiations. In fact, it is very clear to us, that is what brought the Soviets to the table, that is what keeps the Soviets very interested.

We are not building beyond Soviet levels in all capabilities. And I think that, overall, they clearly enhance U.S. security.

Senator **Kennedy**. Well, I suppose the question is not whether we continue to modernize while they are modernizing. We clearly should modernize, but whether you feel that the modernization—that we should modernize within those kinds of limits.

Evidently, I mean, your response can be, well, that the Soviets are not dismantling, which I mean may be the case. But then I think there is a different perspective. But evidently, there is evidence that they are dismantling. We are modernizing. Certainly I strongly support modernization.

But should we not be dismantling as well?

General **Welch**. Well, of course our modernization program includes the retirement of some older systems when those older systems no longer serve our national security needs. I think exactly the same is true of the Soviets. They are dismantling weapon systems that no longer serve their national security needs.

CONSTRAINTS OF SALT

Senator **Kennedy**. Well, we remained within the contraints of SALT for a 6-year period. I mean, they did as well, basically. What is your perception of the imbalance? Did they get further ahead of us by their modernization program, so that we have to make these adjustments now in order to even it?

And if so, what was done? I do not remember that being stated as the reason for it, quite frankly.

General **Welch**. I think that is clearly the case, Senator. If you look at any leg of the Soviet triad, they clearly were far out in front on modernization of the ICBM leg, for example, until we began to field the Peacekeeper just a few months ago. Our last new ICBM was in the seventies, and the Soviets have, since that time, deployed two new classes of ICBM's.

In addition, they have modernized the SS-18 into what is virtually a new capability. So the Soviet modernization in the ICBM force was virtually complete, just as we were beginning our cycle.

The same is true—the Soviets were building two new strategic bombers, just as we are. I would leave the submarine discussion to Admiral Hardisty, but it is clear that the Typhoon submarine represents a very significant and advanced modernization program by the Soviets.

SOVIET STRATEGIC MODERNIZATION

Clearly, the Soviets' strategic modernization program was far ahead of the U.S. strategic modernization program when we began this decade. And we have not yet even caught up on that modernization.

Senator **Kennedy**. Well, did you support or did you oppose the position of compliance then with the SALT restrictions?

General **Welch**. The position on the compliance of the SALT restrictions that I took in the earlier years was that so long as compliance serves the national security interests of this country we should continue to comply, and that we ought to re-examine that every year.

And when I can no longer say that, then we ought to move on forward. After all, the SALT II Treaty was never ratified, and had it been ratified it would have long since expired. And so I really see no reason why the SALT II Treaty should drive our national security interests.

Senator **Kennedy**. Do any of the other members of the panel care to comment?

SOVIET SUBMARINE FORCE

Admiral **Hardisty**. Very quickly, sir, only on the submarine force. As you know, the Typhoon is a strategic modernization program.

Senator **Kennedy**. I think all of us agree that there has to be modernization. The question is whether there is going to be restraint in terms of are the Soviets going to restrain in terms of their modernization and in terms of the numbers and we are not.

What do you think?

Admiral **Hardisty**. I think we should go with one Trident a year. As you said, the Soviets were looking at a Typhoon every other year, but they are looking at Delta 3's and Delta 4's, and also some upgrading of their other submarines, which is significant, Senator.

I think within the context that our force levels are in the best interest of our national security, we should not try to match or go with compliance with what the Soviets are doing, even though they were to slow down. I think our force levels of one Trident per year are based upon a national security requirement, sir, as we see them either post-START or prior to START.

SHIPS EXCEED CONTRACT PRICE

Senator **Kennedy**. Let me get back, Admiral, to the GAO report that talked about 19 of the 21 ships that are being built now in the last 7 years have now exceeded the contract price. Nineteen of the 22 ships construction awarded in the past several years have exceeded the target price of the contracts.

In many cases, the ceiling prices may be breached as well. Did you expect that? How do you react or respond to that?

Admiral **Hardisty**. That GAO report on the 19 of 21 ships, Senator, is still under study. You also saw in the 688, SSN program, in the papers recently a $1.3 billion overrun alleged on contracts for 23 submarines.

As you know, we have a ceiling price and we have a target price. And in trying to keep the contract down as far as target price, to force competition, we have made an agreement if the contractor exceeds that target price, between the target price and the ceiling price he shares with the Navy 50 percent of that cost overrun.

In the case of the $1.3 billion overrun, that was a Navy estimate. The contractor's estimate was more conservative, and that really amounts to about 3 percent of that total contract. There is money authorized and appropriated and that did not bust the ceilings.

In the case of the 19 of 21 ships that you are talking about, sir, I do not have the exact figures on that and I would have to take it for the record. But we have with the contracting practices and policies in the last 7 years saved some $7 to $9 billion. Those are real dollars saved by competitive contracting and using the ceiling and the target price.

And we have averaged in contractual authority for obligations over $11 billion average per year for the last 7 to 8 years. So we have achieved a significant savings I will have to get the specifics of this latest GAO report, sir.

Senator **Kennedy**. Well, I wish you would, because, you know, over—the competitive, obviously everyone is for that. But we have been around here long enough to know about how some of them buy in cheap and then get bailed out. That has been a process that has been going on for the 25 years I have been around here, and I am not sure it is very much different in terms of the current.

But I would be interested if you could give us a reaction.

Admiral **Hardisty**. We certainly will, and I understand what you are saying and I understand the question, sir.

[The information follows:]

The GAO report projected cost overruns of $1.4 billion on 19 of 22 shipbuilding contracts reviewed. As I have indicated, this represents only a small percentage of the total value of shipbuilding contracts currently under execution. Some of these contracts are currently projected to reach or exceed ceiling price. The Navy has not forced these shipbuilding contracts into this situation. Rather, the contract award values and the sharing and ceiling arrangements represent business risk decisions made by the individual contractors at the time of award. The productivity levels anticipated by the shipbuilders, however, have not been achieved as execution has proceeded. While it is true that the Navy has no funding obligation above ceiling, it is also true as you state, that the likelihood for claims increases as the contract reaches or exceeds ceiling. We are very much aware of this and have taken steps to avoid potential claims. The Request for Equitable Adjustment (REA) settlements with Electric Boat and Bath Iron Works reflect this effort, whereby the Navy and the contractors were able to expeditiously agree upon a fair and reasonable settlement.

AIRCRAFT CARRIERS

Senator KENNEDY. To get back to the questions that Senator Warner asked about the aircraft carriers, I think the Admiral mentioned we would be going up to the 15 in the next several years, by 1992.

What is—we have, as you are aware, the Secretary of Defenses under four Presidents who reached a different certain conclusion when you talk about, I guess, the word you used was degradation of our system by not getting to the 15.

What is really the change from a strategic point of view that requires us to ramp up to 15?

Admiral HARDISTY. I do not believe we see any strategic change, Senator. Fifteen deployable carriers has been a long time goal not only today but prior to today, sir.

Senator KENNEDY. Well, what missions are you failing to meet today with 14?

Admiral HARDISTY. Well, today, sir, we have finally come pretty close to achieving what we desire in the way of not wearing out our machines and our people, and that is a turn-around ratio of 6 months portal to portal for our cruises and a year at home.

We are also, with this tempo, striving for no more than 50 percent of the time out of home port. The 15 carrier battle groups will allow us to maintain that. We have had significant improvement in this tempo of operation goal.

But we still have had to meet the commitments there. In wartime there is a commitment for four carriers to SACLANT. Admiral Baggett mentioned that, I think, in his testimony. There is a requirement for four carriers to SACEUR. There is a wartime requirement for seven carriers in the Pacific.

In peacetime, with proper maintenance and proper turn-around, op tempo, it takes to keep 5 carriers forward deployed, it takes 15 carriers. That takes in overhaul, yard periods, and that type thing. Operating tempo is also one of the driving factors. You might say that is a Navy or a self-imposed commitment on the Navy's part.

But it is a commitment to our people for a better way of life and retaining a quality armed force with a capability that you would need in wartime, sir.

THREAT OF THE SOVIET UNION

Senator KENNEDY. But in terms of the adversary, the capability of the Soviet Union and their allies, do you do any other kind of an assessment as to what their capabilities are in terms of reaching, continuing ahead in terms of moving up to the 15, rather than early retirement, with the billions of dollars that that might save over a period of time?

Admiral HARDISTY. Are you saying the allies could fill in?

Senator KENNEDY. No, not so much the allies filling in. But I am talking about the nature of the threat that we are facing with the

Soviet Union and its allies. Has that altered or changed in the past 4 or 5 years since this decision to go to 15?

You have three former Secretaries of Defense, both under Republican and the Democratic, serving four Presidents, that said 12 can do the job and that this is a misallocation of resources, to go up to 15. And that is why. They must have some sense of what the nature of the threat is, and I am just interested in what additional threat evidently that you believe is there that would justify that kind of——

Admiral HARDISTY. Senator, I would have to check. I know your figures are correct, sir. I know that Secretary Weinberger supported 15. I know that the Joint Chiefs of Staff for a number of years have supported numbers well above 15 carrier battle groups.

I find it a surprise, but that is because of my lack of information, that we have had four Secretaries of Defense.

Senator KENNEDY. Three Secretaries of Defense, serving four Presidents.

Admiral HARDISTY. That said 12 was enough? The Navy has never thought that 12 was enough in the last 10 to 12 years that I know of personally, sir.

To answer your question and not to about what has changed in the threat in the last 4 or 5 years, we do not think that threat has changed that much, other than, again, what we have testified to here today.

We have looked at a strategy, though, that will make a difference, not only in the Pacific, but also in the Atlantic. And that is, focus on the flanks, particularly focus on the northern flank. And we need carrier-based sea power to do that.

We have to have that. That strategy has changed some, in that we have further refined it, and I think General Gray would agree, as to what the Navy-Marine Corps team can do in Norway and on the flanks.

We have looked at the southern flank as well. That is the reason for four carriers in the Mediterranean in wartime. We have looked at the correlation of forces and we are looking at a two-front war. If the war were to go with the Soviet Union, we feel it would be global. Carrier-based air is absolutely essential in northeast Asia in the event of global war and the Pacific can really make a difference in putting pressure on the central front, sir.

So what the Soviets are capable of doing has not changed as much as our strategy and the way we would fight a global conflict. I also see that having changed in the Pacific Fleet strategy. I see it as we have worked better on our flank strategy and our exercises and the development of that with our allies.

Senator KENNEDY. My time is up, Mr. Chairman.

Thank you.

Senator LEVIN [presiding]. Thank you, Senator Kennedy.

Senator Wilson.

Senator WILSON. Thank you, Mr. Chairman.

MIDGETMAN MISSILE

Gentlemen, welcome. General Welch, let me ask you to clarify something in your testimony on page 2. And I apologize for not being able to arrive earlier. It may be that you respond to this later in your testimony, but I am more than a little curious in a time of budget constraints as to the Air Force's priorities and specifically how those relate to the competing claim of the Midgetman missile.

And on page 2 you make reference to a bolt out of the blue attack, a surprise attack. In the past, Air Force representatives appearing before this committee, when asked their view of the likelihood of that kind of an attack, responded rather clearly and emphatically that they thought that such an attack would be irrational. That was the word used.

And the explanation for that characterization was that to make such an attack the Soviets would have to render themselves so vulnerable that it would not be a rationale act on the part of a Soviet war planner to undertake that risk.

Is there any change in the Air Force assessment?

General WELCH. Well, absolutely not. I think the only thing I would say, Senator, is that what makes a surprise attack irrational is our day-to-day alert forces that can respond to a surprise attack. And what my statement says is that with those day-to-day alert forces we have today and the improvements in those forces and those that we are projecting for the future, we have high confidence that those day-to-day alert forces will indeed make a surprise attack an irrational act.

Senator WILSON. Well, I understand that. My question really has to do with the justification for spending $40 to $50 billion on a Midgetman system when in fact the only advantage that we see that it gives our other forms of achieving mobility is that it would allow the United States to have a ground capability as part of the triad that would be mobile and able to respond to a total surprise attack, as opposed to the rail garrisoned MX capability, which would require somewhat greater time and, its critics argue, would be vulnerable in a way that Midgetman would not.

They argue that the ability of the road mobile to take off would save it from a bolt out of the blue attack. But again, if that is an irrational notion, then it raises the question as to how rational it is to spend $40 to $50 billion to counter it.

General WELCH. Well, I quite agree. We do not need the Small ICBM to deter a surprise attack. That has never in my mind been a valid reason to support the Small ICBM. The Small ICBM makes some contribution, in fact a valuable contribution, to stability in a crisis.

In the kind of budget environment that we are facing in 1989 and beyond, the Air Force view is that we cannot afford the Small ICBM. And that is reflected in the Air Force program.

Senator WILSON. And the virtues of mobility, which I think we would all concede, are available, are they not, in other forms, notably by the rail garrison mobile MX?

General WELCH. Absolutely.

Senator WILSON. And also by the submarine force carrying the D-5?

General WELCH. I think that is clearly the case. Our concern is stability in a crisis. Our concern is our ability to generate survivable, additional survivable alert forces as a crisis situation produces pressures to make such an attack.

And the rail garrison system is particularly well suited to that purpose. It provides us in peacetime the lowest cost alert force, and when we need to do so, at increased cost, we deploy it on the rails and it provides us in crisis a highly survivable and highly effective deterrent force.

So in this budget environment, rail garrison is clearly the way we should go.

Senator WILSON. Admiral Hardisty, would you concur in that, since we will look to the Navy to provide the other mobile deterrent in the form of the Trident and the D-5 combination?

Admiral HARDISTY. I certainly agree with General Welch's assessment, Senator. We have discussed that among the Joint Chiefs of Staff often in regard to D-5 and the Navy's element of the triad.

We all support, I know, and I speak for the CNO we support the triad and the mobility represented in the MX, as well as in the SLBM force.

MAINTAINING FORCE QUALITY

Senator WILSON. What, gentlemen, is your assessment of the statement that has been made by the Secretary that in a time of fiscal constraint, when we are compelled to choose among the lesser of evils and necessarily do some things that we all think to be unwise, but to do those things that are less unwise, what is your view with respect to the statement he has made that we are necessarily constrained to have a smaller force and one that is better trained and better equipped than to find ourselves in the situation that we found ourselves in through the late seventies, of having a hollow Army, and I would say as well a hollow Navy and hollow Air Force and Marine Corps?

General VUONO. Well, let me start, Senator. First of all, the situations in 1980 and 1988 are entirely different. When we used the term "hollow" Army, in 1980 it referred to an Army where the level of the quality of the force was not nearly what it is today. In 1980, we had a doctrine that was evolving. We were just putting in place some important training programs, and we were just starting to reap the benefits of the research and development we did in the early seventies in our modernization program.

You have an entirely different situation today. You have an Army that knows what its mission is and knows how to fight, has got the right training programs in place, and in fact is a well trained force, and is in the process of modernizing not only its equipment but its organization as well. It has a quality force higher than it has ever been in the history, at least so far as I am concerned, since I have been wearing a uniform.

The cuts we were required to take in 1989 were painful. As a matter of fact we discussed earlier in my opening statements the force structure cuts we were required to take was not just an end strength cut of 8,600 active, but it involved cutting some 12,000 civilians and a growth that we were not able to keep of 26,000 in the Reserve Forces.

That is a sizable cut across the force. It is the smallest Army that we have had in a good number of years. And in my view, the strategy has not changed. The risk of the threat has increased.

And so when you reduce a force to a certain level, then obviously the risk increases. I would hope that no additional reductions in end strength are necessary from the small Army that we have today.

Admiral **Hardisty**. I echo what General Vuono said; in that the Navy has never been in better shape than it is today. We have grown to almost a 600-ship Navy, with the help of Congress. We are ready. Our sustainability and readiness is all good, Senator.

I also agree with Secretary Carlucci, we do not want to affect readiness or sustainability. What has happened is we have taken some force cuts. They were pretty tough to take. They were not easy and they were not popular.

But getting back to where the Navy finds itself, a leaner, meaner but ready force is what we want. So I support what Secretary Carlucci said.

On the other hand, I would also support what General Vuono said. The level of risk is up, and I would hope we do not see further end strength or force level reductions, but that we are able to maintain this quality force that we have, with some slight improvement in the coming years.

General **Welch**. I would just say, given budget constraints, we would clearly elect to maintain readiness at the expense of force size, and that is what we have done.

General **Gray**. We have a little bit different situation. We know quite a bit about lean years and negative growth and all that kind of thing. Of course, I am the oldest one here, so I can remember companies instead of battalions of tanks, and two batteries in place of four in the artillery, and four guns versus six and eight.

But within that context, we really had never been a hollow force. And my predecessors and those that have helped them lead, they have spent the money wisely in this decade, and so we are a modernized force.

What bothers me is that we are sitting here, I think, fairly well organized, trained and equipped to fight the most likely conflicts and provide the most likely kinds of military support that we need tomorrow, the rest of this decade, and the one that follows, in my judgment, and we are cutting muscle.

I am very proud of the fact that your Marine Corps is the only force in the world on either side of the iron curtain that could go to war tonight without mobilizing a man. And to have to reduce almost 3,000 people, mechanically you do that through recruiting, accessions, and those kind of things, to get down to the minimum number by October 1, so that we capitalize on the economic outlay, et cetera.

But do not make any mistake. When we are back next year if I am still around, and that might be doubtful, but you are going to be less three infantry battalions in your Marine Corps. And so you are cutting muscle, you are cutting capability, you are cutting the leading edge.

And we are not only faced with these potential conflicts in the Third World, but we face an increasingly heavily armed Third

World. And they have got tanks, they have got artillery, they have got air defenses. And some of these Third World outfits, some of these people there can fight. They are tough.

They have never had anything and they can go long distances without water and that kind of thing, and without eating. In the Third World countries where I have been in, three out of every four gas stations have got a Z-23 or Z-24 sticking out the rear end of it, and every other one, every other block has got some SA-7s.

So we have got the forces to go ashore. And the marines, for example, they are going to have to fight a little tough conventional firefight to clear it out so that we can get into the Insurgency arena in many of these situations. And so I say the risk is going up.

If we want to scale back and not be a global power, that is a whole new ballgame. But if we want, if we intend to be a global power and do what has to be done, then I submit we have no choice.

I do not like the trends that I see at all.

Senator WILSON. General, I do not like them, either. That is why I asked the question.

Thank you. My time has expired.

Senator LEVIN. Thank you, Senator Wilson.

Senator Exon.

Senator EXON. Thank you, Mr. Chairman.

B-52

Gentlemen, let me welcome you here, and I have been very much interested in your excellent testimony. I have this question for all four of you. It has to do with General Chain's proposal to modify the B-52s so that they could play a conventional support role by using HAVE NAP missiles in a standoff capacity for the assistance of the theater commanders.

Have you discussed this proposition among yourselves, and what are your thoughts on the proposal? Would it significantly enhance our strength in your theater? Is it a good idea in your opinion and is it worth the cost?

And we can start with you, General Welch. They are all looking at you anyway.

General WELCH. Okay. Well, indeed long range conventional aircraft have lots of very valuable uses, and it has been discussed both explicitly and implicitly. And we face situations all around the world where we have to gather up and create forces to go do things that could be done very simply with the right kind of capability on a long range conventional aircraft.

So clearly it is very useful. We have scaled back within the Air Force. Speaking as Chief of Staff of the Air Force rather than as a member of the Joint Chiefs, we have had to scale back our aspirations in the Air Force on the numbers of airplanes, simply because of the budget. We have not scaled back our interest in the capabilities provided by long range conventional aircraft.

They have an extremely important maritime application. We have increased our effectiveness in working with maritime forces in using long range conventional aircraft for various purposes.

The theater commanders are very enthusiastic about some numbers of long range conventional aircraft being available to them. CINCPACOM particularly has a need for that kind of a capability.

Senator **Exon**. Do any of the rest of you have anything to add to that? Do you generally agree?

General **Vuono**. Senator, I agree with that. Any time we can improve jointly our conventional ability, we are very interested in it.

But as General Welch said, you have to look at it from a resource standpoint in this type of situation, and if the capability and the resources match up then it makes sense to do something like that.

Admiral **Hardisty**. I generally certainly agree with General Welch. Long range air does have a maritime role. We do exercise frequently with B–52s, Navy and Air Force. I think again, it is an affordability issue. There are other things coming along that might replace that capability. But if the resources are there and we are able to afford it, it represents a capability in being that obviously we would like to have, and the combatant commanders have expressed that, Senator.

I think again it is a resource affordability thing.

Senator **Exon**. What are you saying, the jury is still out on that, then, as to whether or not you are recommending we proceed now? Wait to see what the resources are going to be and then you can answer the question yes or no later?

General **Welch**. No, I think the resources issue is how many. There is no resources issue about whether or not we ought to buy HAVE NAP. We ought to certainly buy some number of HAVE NAP.

There is no resources issue on whether or not we ought to have conventional B–52s. We have them today. They are an integral part of the CINC's war plans all over the world. So the resources issue is only the numbers, and none of that numbers decision is tied up in the 1989 budget decisions. That is out in 1993 and 1994 when we begin to run into the numbers issue.

General **Gray**. I would just like to add that there is no question, any time you get an increased capability the warriors like it. But that is going to be a resource issue. That is going to be a structure and resource issue in the out years, given the trends that we see today.

And that is where the going is going to get tough on that concept right there. And unless there is a miraculous reversal of the trends around here, that would, for example, have a tough time getting my vote.

B–1B

Senator **Exon**. General Welch, we have had an awful lot of criticism of the B–1B, most of it in my view not justified. However, we continue to have some electronic countermeasure defenses that are troublesome and still are a problem. We are also learning about some mismanagement of this program, and I am not asking you to go into those today because I think I know what you would say.

I am asking, though, have we learned anything from some of the problems with the B–1, emphasizing the fact that I understand there has never been an airplane that we have brought out that we have not had some problems with. But since the important B-2 as part of our modernization program is coming on line, how do you see things going in that area, and do you think we should be alerted at this time to any potential serious problems with the B-2?

Or is everything going pretty much to your liking as far as performance to date is concerned?

General **Welch**. Well, let me say that I think the most important lesson on the B-1 to be applied to the B-2 is to not let the schedule be such a strong driver.

The second lesson that we learned again on the B-1 is the same lesson we have learned on every airplane, and that is that ECM is always much more difficult than the ECM enthusiasts think it is going to be. And we always have great difficulty in bringing ECM programs on, for a variety of reasons.

Now, one of the great benefits we get out of the B-1, other than the fact that it is the finest penetrating airplane in the world today, and will be until the B-2 is fielded, is it gives us time to develop and field the B-2 without the great pressure of time that was present in the B-1 program.

What we did with that time is we had a very extensive risk reduction program on the front end of the B-2. It took longer than we thought it would. It cost more than we thought it would. But we took the time and we paid the up-front money to get through that risk reduction program and to do it right.

Now, quite frankly, the pressure of costs and schedule on the B-1 would have made it very difficult to do that. We did need to accept on ECM, but it would have been very difficult.

So the approach to the B-2 is quite a different approach. We are milestone-oriented, we are not schedule-oriented. Obviously, schedule is money and so we press that schedule as hard as we can. But we are going to make the milestones, and we are not going to go to the next milestone until we are satisfied that we have done that.

And that is quite a different description than the description I would have given you of the B-1 program.

Senator **Exon**. Thank you, General.

My time is up. Thank you, Mr. Chairman.

Senator **Levin**. Senator Exon, thank you.

Senator Quayle.

LONG-RANGE CONVENTIONAL CRUISE MISSILE

Senator **Quayle**. Thank you very much, Mr. Chairman.

I would like to focus for a moment with Admiral Hardisty and General Welch on the requirements and the future of a long range conventional cruise missile. Maybe, Admiral Hardisty, I would start with you, and as far as the Navy's viewpoint the future and the requirements as you see them coming, forthcoming in the future for a conventional SLCM.

Admiral **Hardisty**. I think we definitely have such a requirement, Senator. And I will pass it on to General Welch, for air launched; but both long range cruise missiles with the technology that is available, are a great conventional deterrent; and I think that the SLCM is very important to the conventional deterrence, not only today, but it would be in the post-START environment.

Senator QUAYLE. General Welch, he wants to pass it off to you. How are we doing?

General WELCH. Well, you are getting a briefing on Friday in a much, much more classified forum. And I really think I ought to leave the answers to that briefing.

Senator QUAYLE. Are you speaking to me personally?

General WELCH. I am speaking to you personally.

Senator QUAYLE. Okay. I will be anxiously awaiting that.

But what—let me just speak publicly as far as support and understanding, because maybe not everybody is going to get that briefing. And I hope that, if it is as good as I hope it is, maybe the committee will want to get it as well. But I am just looking at the overall requirement and where we are going to go in the future.

POST-START ENVIRONMENT

And Admiral Hardisty talked about a post-START environment. How do you consider—how do you consider the longer range, highly accurate, perhaps zero CEP or two-three meters when you get some of the capabilities put on there, how do you foresee this in our military equation and our balance of forces from just a general sense of things?

What I am trying to do is to see, one, where the priority is now? And two, in the follow-up question it is obviously, how do you see this in a post-START environment? And how important is it to you to preserve that conventional option in the START negotiations?

General WELCH. I think it is extremely important that we preserve the right to field long-range conventional cruise missiles in the START environment. And the Joint Chiefs all feel that way.

I think there is an important role in the force structure for that kind of capability. And I really should not say any more than that.

Senator QUAYLE. I do not want to push any more in public session, but I think it is an issue that—I mean, we ought to be able to talk about conventional cruise missiles, long range, highly accurate, conventional cruise missiles in the public forum.

Maybe we do not want to do it today, but we should not be too far down the road.

General GRAY. May I add something? Clearly we have to protect this capability and even refine it, because it is a major conventional fire support capability for soldiers and marines who may be employed in remote regions and the like. And also, it is going to give you a very good surgical capability in this era of do this, do that with great precision, and do not get anybody hurt kind of thing.

And so I think that the conventional SLCM is something that I would suggest you all fight very hard to protect in every way you know how.

EXTENDED AIR DEFENSE

Senator QUAYLE. Admiral Hardisty, I would like to ask a question about the Navy's role on getting involved in extended air defense. And the reason I bring this up, I was just curious about your perception if the vulnerability in ports of—well, in say Europe, the short range ballistic missiles which I think will still be there, because we are not going to go to a triple zero. They could be conventional as well as nuclear.

But look at the conventional ballistic missile. Just last week we had a missile, ballistic missile, that was fired in Iraq to Iran 600 kilometers. I am not talking about hitting a ship at sea, but I am talking about doing some damage if they get the accuracy in the future, on where we might want to be as far as getting the Navy involved in looking at some of the extended air defense concepts.

Do you see this as an emerging threat, and if so what do you think the Navy ought to do about it?

Admiral **Hardisty**. I do not see it particularly as an emerging threat to the Navy. There is certainly a capability represented there, but I think targeting is a problem in the Third World right now.

In the case of the Soviet threat, double zero uncovers all our channel ports for resupply and operations. Even short, INF short range battlefield systems, 500 kilometers and less, range arcs, do not cover our channel ports. So I do not see——

Senator **Quayle**. How about Antwerp?

Admiral **Hardisty**. Antwerp might be on the edge of the line. When I said channel ports, I meant French and English ports and some of the Benelux ports. But I do not have that range arc yet, Senator Quayle.

Senator **Quayle**. Antwerp I think is probably within that range, and that would be certainly a potential vulnerability.

And my concern is that we have looked at this whole concept of extended air defense. It has basically been the Army is very, very concerned about it, and I just think that there is somewhat of a role.

And you know, we are always surprised. I heard yesterday, and I forget which person it was that they said they were underestimated and did not believe that in fact the Iraqis were capable of firing a ballistic missile 600 kilometers. They just did not think that was going to be possible, and all of a sudden it happens.

You know, we are always surprised. And that is why you try to look down the road and figure out why these surprises are coming. And I think particularly if you get that increased accuracy of these ballistic missiles, whether they are Soviet Union or even potentially Third World, and you get accuracy—not the ship at sea, because you have got the mobility there.

But you look at a port type situation, and I think that the Navy might want to think about getting involved more in the extended air defense game than you have been.

Admiral **Hardisty**. We will take a look at that, Senator. There is certainly a capability there with Aegis ships and the SM-2 missile system against less sophisticated type ballistic missiles, that you are talking about, such as the Silkworm or a Styx or that type.

Having the proper number of AAW ships to do that extended port air defense would be a numbers problem and a deployment problem. But we will certainly look into it, sir.

NATO DEFENSE PROGRAM

Senator **QUAYLE**. General Vuono, where are we as far, from your viewpoint, of implementing Secretary of Defense's NATO defense program, and also some of the programs that have been—the weapons systems that have been identified, particularly in the competitive strategy?

General **VUONO**. Well, I think, Senator, our 1989 budget and the program that we are putting together for the program years reflect both the priorities that have been established as a result of the competitive strategies and also the integrated priority list as reflected by SACEUR in his CINCEUR role.

We protected those programs in the 1989 budget, and so far we are protecting them in the POM—the close-in systems, the armor-antiarmor systems, the air defense systems, the helicopter program, and the deep battle systems. We protected all of those in 1989 and have funded those because, as I said earlier, our priority was to forward deployed forces.

They are in the 1990 program that we are working right now, and of course we are going to need the kind of support that is necessary to get the funding for those programs in the program years.

Senator **QUAYLE**. Mr. Chairman, my time is up. I have a couple of questions for General Vuono that I will submit for the record, that deals with the light TACFIRE and AFTADS, which he is very familiar with, and once again what happened, just so that the chairman knows this very well, that the Armed Services Committee gave the flexibility to the Army to go ahead and pursue what they wanted to.

And when that got into the House Appropriations, they started line item mandating things that really were not requested. We are going to get back in this.

I have a series of questions on the AFTADS and the light TACFIRE that will come before our subcommittee and I would like to submit for the General to answer.

I also have a question on the HUMMWV and why it is not in the 5-year plan. And these are a couple of programs that are very much of interest, not only from a national security point of view but also from a constituency point of view, I might add.

Senator **LEVIN**. Thank you, Senator Quayle. We will keep the record open for your questions and the questions of any other Senators.

Senator Nunn I believe will return shortly and wants to ask some questions. I will begin until he is able to get back.

NAVY COMBAT AIRCRAFT

Admiral, the Navy continues to suffer some inefficient production rate problems for combat aircraft and the EA-6B, the AV-8B, and the F-18 all are requested at about a third of their production capacity. The figures for the EA-6B: the request is nine, production capacity 24. For the AV-8B, the request is 24, the production capacity 72. And for the F-18, the request is for 72 and the production capacity is 196.

And each one of these programs is stretched out as compared to last year. It was my understanding Secretary Carlucci had given a directive to try to maintain efficient production rates, and I am wondering at what point would you be terminating inefficient production lines as the budget gets tighter?

Admiral HARDISTY. Senator, certainly we have to consider doing that. But we need those aircraft. You are right, they are below the maximum production, obviously, sir. But we think that is the minimum rate that we can afford to buy them and we still feel that they are cost effective at that rate, Senator.

We are trying to buy approximately 200 or 200 plus aircraft a year. We have to spread those over a large spectrum. We have some new aircraft programs coming on line which, as you all are very aware, are very capital intensive up front.

We have the A-12, we have the V-22, we have the LRAACA. We are still looking at a restructured A-6 program which is still under consideration by OSD. So 72 F/A-18s is really the minimum level that we need to sustain the force in the out years.

And buying them all in 1 year would heavily impact other programs that we feel we need to keep alive, to have the spread, if you will, of the total capability.

I will let General Gray talk on the AV-8. But again, it is affordability, an affordability issue, and a balance and a mix issue. That is not a total answer to your question, Senator.

Senator LEVIN. Well, I understand the problem. The question, though, is terminating inefficient production lines as an alternative to stretch-outs. Which inefficient production lines have you terminated in order to avoid these kind of stretch-outs, or might you terminate in the out years, because I believe we have to look at the hard choices or else we are going to be paying an awful lot per unit?

Admiral HARDISTY. You are absolutely right, in the out years we are going to have to look at the A-6, and we are going to have to look at the AV-8B.

We need a sufficient inventory of A-6's, until it will be replaced by the A-12. We are going to need the F/N-18 as a strike fighter along with the F-14D for air defense until some time well into the out years when replaced by an ATF. We still have the P-3 production line which we have tried to terminate. We have had money added into the line several years to keep it open.

We are looking at LRAACA as a replacement for the P-3. But if it did not pan out, we would probably go with some version of a P-3 update 4.

I think those are about the three major aircraft lines that we have under consideration now. As we approach the out years we have to take a good hard look at terminating them sir.

PROCUREMENT BOW WAVE

Senator LEVIN. Admiral, the other side of that coin is the procurement bow wave that we are creating now, which will create inefficient production lines later unless we do something about it. And the budget request continues most of your major new starts, including the advanced tactical aircraft, the V-22 tilt rotor aircraft, the SSN-21 sub, the F-14D upgrade, and the T-45 trainer, and so forth.

How are you able to afford all of those programs, knowing that you are going to have to cut $75 to $100 billion out of your budget over the next 5 years?

Admiral HARDISTY. Well, looking at the FYDP version of what we project, Senator, by good management and competition I think we can protect all those programs and the numbers to man the 15 carrier decks. That is what our goal is.

It is going to take at least 200 aircraft a year. We are going to have to manage some shortfalls.

The CBO said last year, in looking at the 1988–1989 aviation account that we would have a shortfall of 176 aircraft in fiscal year 1994. Of that shortfall, about 123, I believe, were tactical aircraft.

When we stand down the 14 carrier air wing, that is not necessarily a wash, but we will have to manage some inventory shortfall about 3 percent of our total inventory over the FYDP and in the out years. That is what we are managing now. We hope to sustain that funding rate.

Senator LEVIN. Let me ask General Welch a similar question. Your budget does take some important steps toward long term affordability, but there is also a bow wave problem with Air Force programs.

Except for the Small ICBM, your major new starts are proceeding as planned: the C–17, the advanced tactical fighter, the national aerospace plane, the ATB bomber, the rail mobile MX, the MILSTAR satellite. How are you going to be able to afford those programs when you have to cut up to $100 billion out of your 5 year program?

General WELCH. Well, our 5-year program accommodates those programs. As you will notice, what you have just described is one transport, one bomber, two fighters, and one missile. That is all we are trying to procure at one time and that is all the lines we are trying to maintain at one time.

And the only alternative to one is zero, which does not seem to us like a wise idea.

Senator LEVIN. Referring to that missile, you have testified one of the reasons we can get along without Midgetman is the irrationality of a bolt-out-of-the-blue attack. Is an attack against us after our nuclear forces are generated any less rational than a bolt-out-of-the-blue attack?

General WELCH. I would think that the issue of rationality has to do with pressures and the likely penalty for the attack. And the thing that makes a bolt-out-of-the-blue particularly irrational, considering the alert forces we have, is that, by definition, there are not great pressures for a bolt-out-of-the-blue attack, because bolt-out-of-the-blue is in absence of a world confrontation or a confrontation between superpowers, or it would not be a bolt-out-of-the-blue, whereas there is a case where there could be very intense pressures, conventional confrontation going badly for the Soviets, an internal problem in the Soviet Union.

We could imagine all kinds of things. It is not useful to speculate much more than that, but I think that it would be dangerous for us to assume that in every international condition where pressures might become very, very intense, that we could count on human rationality.

But I do think you can count on human rationality in a normal, day-to-day situation where there is no such international situation.

Senator LEVIN. Are you saying that an attack upon us after our forces are generated could be anything other than irrational? I mean, I understood your answer, but we are speaking of the generation of forces as the definition here, as a contrast to bolt-out-of-the-blue.

And you could have a bolt-out-of-the-blue attack even though there is tremendous pressures on the other side. A bolt-out-of-the-blue, as I understand it, is defined as an attack before the generation of forces by the other side, and that kind of an attack could occur where there is tremendous pressures, not necessarily military pressures.

There could be tremendous pressures on the other side. But my specific question is this: Would an attack upon us, a nuclear attack after our forces are generated, be anything other than an irrational act?

General WELCH. Well, no, I think the answer is a strategic nuclear attack, given the forces we have, would be an irrational act under any conditions. But it would not stop there, in that I have great confidence in the rationality of our enemies in normal circumstances, where we do not have these great pressures.

And I cannot accept the fact that we could have a situation where there are great pressures for such an attack, where we would not have generated strategic nuclear forces, because I also assume rational decisions on the part of the United States leadership.

And so my difficulty is the conditions that would lead us to this generation of forces are the conditions that lead to great pressures to attack. And so I think our faith in rationality has to decline as those pressures build.

From that viewpoint it is very difficult to look at past wars and say that we always dealt with those intense pressures with rationality.

Senator LEVIN. Senator Exon.

Senator EXON. I have no further questions for now.

Senator LEVIN. Thank you.

RAIL GARRISON MX

General Welch, let me just ask you one last set of questions relative to rail garrison and the contrast between that and the current JCS requirement for a phase one of the SDI program.

You described a bolt-out-of-the-blue as an irrational approach, it would be totally irrational for someone to attack us in a bolt-out-of-the-blue attack, in response to Senator Wilson's questions regarding Midgetman. And yet that is precisely the kind of a threat which the SDI system is now being designed to counter.

Why is it that when it comes to a land-based missile system, that the threat that we are designing it to counter is a generated force threat? That is the justification for rail garrison MX. But when it comes to SDI phase one, that the requirement is against a bolt-out-of-the-blue surprise attack?

Is there not an inconsistency there?

General **Welch**. No, I do not see it. I think there are various descriptions of what SDI might do for us. One of the descriptions is the accidental launch, that SDI could provide some capability against that.

But I think the more important concept that SDI supports is that we have over the years increasingly in this country moved away from any defensive element in strategic nuclear deterrence, that our strategic nuclear deterrent concept now relies solely on offensive weapons.

That is not true for the Soviet Union. The Soviet Union has an important defensive element in their strategic nuclear deterrent strategy, and SDI is simply to move us toward more of a balance between the offensive and the defensive forces available for strategic nuclear deterrence.

And regarding your characterization of the justification for rail garrison, I think it is important to point out that rail garrison becomes rail mobile any time the Nation decides that rail garrison needs to be rail mobile. It does not need to be a generation situation.

It can become permanently rail mobile any time the level of concern, whatever the cause of the level of that concern, justifies spending the additional dollars and the additional manpower required for rail garrison to be rail mobile. And the peacetime, normal time rail garrison concept is simply because that is the lowest cost approach to maintaining the long term peacetime capabilities.

Senator **Levin**. Going back just for a moment, though, to the phase one SDI, I take it you would agree, would you not, that it is being designed to counter a bolt-out-of-the-blue attack?

General **Welch**. No, I do not think so.

Senator **Levin**. Is that not the number of warheads that it is being designed to face?

General **Welch**. No, I would not characterize it that way, Senator Levin. I think that there certainly is a finite number of warheads that phase one, were we to deploy phase one, would be able to handle.

Now, whether or not the great value of being able to stop that number of warheads has to do with a bolt-out-of-the-blue attack or whether it has to do with spoiling the leading edge of a larger attack is not something that I think—we do not make such a distinction.

Senator **Levin**. Well, I think that distinction has been made by the Air Force.

General **Welch**. It has not been made by the Chief of Staff of the Air Force.

Senator **Levin**. So that what you are saying is the official policy, then, of the Air Force is that the phase one SDI is not being designed against a bolt-out-of-the-blue attack?

General **Welch**. I would say that, in the first place, SDI is not an Air Force program, but it is a national program. But my description would be that phase one of SDI, should we deploy such a thing, is designed to stop a finite defined number of warheads, and that the warheads that we would find it most valuable to stop are likely to be those on the leading edge of any attack.

Chairman Nunn. Which is the same thing, General, as saying that it is a non-generated attack, right?

General Welch. Well, I am trying to understand why that is the perception. I do not see it that way, but I do not know what I am missing.

Chairman Nunn. It is what they could launch without a lot of preparation which would give you warning time. That is what the leading edge is, is it not?

General Welch. Of course, even in a generated attack, we would expect the sequence of the attack to not be greatly different. That is, the forces that will comprise the leading edge of an attack, whether it be bolt-out-of-the-blue or whether it be generated, will come from the same source. And those particular forces are on alert all the time.

Chairman Nunn. Well, we have been told that the SDI program first phase is indeed postulated against what is described in the terms of the SDI as a bolt-out-of-the-blue type attack.

Those are not our words. They are their words.

General Welch. I understand. I think we need some better coordination within the Department of Defense. I never heard that, and I am executing 40 percent of the SDI program.

Chairman Nunn. Well, that is the point, I believe. I do not know who is correct or who is not correct in this situation, but when the defensive effort is aimed at the bolt-out-of-the-blue, that is the basic assumption they are operating under.

And our offensive force deployments, such as the rail mobile MX, are not aimed at the same scenario. But we described that—I believe you described it as being—what were the words? Completely irrational. Then things are out of sync, and that is probably one reason the Air Force should be managing the program.

General Welch. However, we are not.

Chairman Nunn. But that does raise some legitimate questions, I think. For one thing, it is easier to defend against an ungenerated attack.

General Welch. Certainly.

Chairman Nunn. So if you are making SDI look good, if anybody were suspicious—I never am, as you know. But if anybody were suspicious, they would say, well, it is easier to defend against a non-generated attack, therefore you postulate bolt-out-of-the-blue for the defensive system. It is easier to deploy rail mobile MX if you are not dealing with this, therefore for the offensive system you take the generated attack.

But that is what suspicious people would postulate.

General Welch. Well, not being a suspicious person, let me say that, in the first place, as we mentioned before you came in, it is not correct to characterize rail garrison as being something that is only available to a generated force. Rail garrison becomes rail mobile whenever the country decides rail garrison needs to become rail mobile, and that might be because of Soviet developments, it might be for any one of the hundred reasons.

We do not speculate what they might be. It simply takes a national decision, because all it does is cost more money and cost more manpower. But the system is there.

Now, the whole purpose of the combination of offensive and defensive forces to deter a nuclear attack has to do with generating such uncertainty in the mind of the Soviet that he simply cannot be led to make such a decision.

And my understanding of phase one and my understanding of the possible value of phase one—and the jury is still out on the possible value of phase one. But my understanding of the possible value of phase one is that it adds greatly to that uncertainty, because it can deal with that very important timing element of a leading edge of any strategic nuclear attack, whether it be a surprise attack or a generated attack.

Now, the argument then will be—and the jury is out on the argument—whether or not the price of that capability induces such disruption in attack planning that it introduces a degree of uncertainty in the mind of the Soviet decisionmaker that justifies the cost.

And that is why I think we are a long ways from deciding whether or not the answer to all of those questions is yes. I certainly have not decided that.

Senator LEVIN. Senator Exon, do you have anything else?

Senator EXON. Nothing further.

Senator LEVIN. Senator Nunn.

Chairman NUNN. I have a bad voice today, so I will have to use the microphone.

Let me change the subject a minute. We will pursue that one again, I guess, probably with the SDI people. I would like to ask each of you, and if you do not want to answer or feel you would rather answer it for the record that would be all right.

INVENTORY MANAGEMENT

But we have had testimony from the General Accounting Office this week that said that one of the areas they believe we have the most waste in is the inventory management. Now, I do not know whether the service Chiefs address this question nearly as much as the service Secretaries. But their contention was that the growth of what the GAO says are slow-moving or excess items was three times greater than the growth in required stocks.

So they are taking the position that there is a huge investment that has been made in the inventories that do not turn over rapidly.

And Mr. Bowsher also testified, that the services—and he did not single out any particular service, so this is not directed--do not have an updated modern inventory management system, and that the services do not really know that what they are ordering is already in excess.

Now, they also said that we are in danger of not having enough critical spare parts. So on the one hand, they are saying we have got a huge excess of parts that are not needed, inventories, not just spare parts; much broader than that. On the other hand, we have got some shortages coming up in this budget environment.

It seems to me that this problem needs to be addressed. I will give you the GAO testimony and ask if perhaps the service Secretaries would like to answer it, and I would just ask you to refer it to whoever is appropriate to answer those specific questions.

Also if you could, for the record, tell our committee your view of the GAO's statement that services do not have adequate inventory management systems. And if any of you would like to answer it here, that would be fine, and if not I would like you to answer it for the record.

General WELCH. Well, I would make a couple of comments and then provide more for the record. I would agree that we do not have an adequate inventory management system. The fact that several years ago we embarked on a very large data automation program to provide such an adequate system is testimony to how we felt about it.

However, that program was canceled. It was canceled by the Congress, by the way.

Chairman NUNN. When was that canceled, do you know?

General WELCH. Ten years ago.

So several years ago, we were able to restart a very extensive data automation program in order to provide the kind of management visibility that is required to manage the very, very large inventories that are represented at the Warner Robbins ALC in San Antonio and Sacramento and all of those others.

It is a large job, a large task. It requires modern data automated systems to have the kind of visibility we ought to have.

Now, we have been successful this time. We are well along at producing such a system. We have fielded about five out of the seven elements of that, at least at the beginning of those capabilities, and are making good progress, and it is well supported.

Now, having said that, there are a lot of complexities that the GAO overlooked, and I will be happy to respond in much more detail. But there is a natural tendency for the slow movers to generate excess inventories because of efficient buying practices.

You will recall the problem some years ago of going out to buy four plastic caps for a stool on an airplane at $1,000 each. Those things were worth about 30 cents each. The problem was, in order to buy them you had to generate the new production capacity and buy the machinery.

And so we were paying $1,000 each for those little things. We do not use them very often. So there are some things of that nature that we intentionally buy in economic quantities, knowing full well that they are going to be on the shelf for a lot of years.

But it is a lot more efficient to buy those one time economic quantities than to buy them every year. So there are things that generate what appear to be excess quantities when there are good economic reasons for that.

Now, I do not defend against having some excess quantities of some things, and we do not have the system required to provide the kind of visibility we ought to have. But we are working hard to get that, and we are supported in getting that at this time.

[Additional information follows:]

INVENTORY MANAGEMENT SYSTEM

General WELCH. The Air Force concurs with the GAO's statement that the Air Force does not have an adequate inventory management system on line. Several internal and external audits identified weaknesses in our supply system caused by manpower constraints, antiquated automation systems and the need to improve daily operations. Recognizing that our inventory management systems were less than optimum, the Air Force Logistics Command (AFLC) developed an Inventory Improvement Plan in 1985. Examples of policy, procedure and automation initiatives that will lead to a more effective inventory system are as follows:

Air Force inventory policy was changed to provide an inventory program oriented toward mission support; maximizing the return on all committed resources; emphasizing the need for a day-to-day accuracy in all areas affecting inventory accuracy; and concentrating on root cause identification and correction of problems.

New research and adjustment criteria to reduce research workload, improve timeliness of inventory actions, concentrate automatic adjustments were implemented in June 1986.

AFLC established an annual universal sample with approximately 20 measures to analyze the accuracy of the inventory.

The Wholesale Inventory Audit System (WIAS), implemented in September 1986, automates virtually the entire inventory process from scheduling to the count card input at the air logistics centers (ALC).

The Intransit Control System (ICS) will provide positive tracking and document control for all physical property movement within the ALC distribution system. This system is being phased in, with an estimated completion date of October 1989.

The Automated Warehouse System (AWS) will significantly reduce inventory errors incurred in the physical handling and storage of materials and will improve storage efficiency. AWS is operational at Ogden ALC and is being implemented at Sacramento ALC. The remaining ALCs will be completed sequentially.

The Stock Control and Distribution System (SC&D) consolidates 23 major batch-process systems into an online realtime system. SC&D is in the developmental stage with some subsystems already on line. We have a projected implementation date of early 1989.

Bar coding technology (LOGMARS) has been incorporated into several systems to reduce manual errors, improve productivity and enable the tracking of performance or actions to a specific function.

Through initiatives such as these, we are able to improve the effectiveness of our inventory system and the readiness of our forces.

Chairman NUNN. One of the major breakthroughs in terms of what I have been told, in terms of management techniques is in Japanese inventory management and how they are able to greatly reduce their inventory and greatly accelerate the ability to call in inventory and so forth. And I know that is business and not government, but there are a lot of our own corporations I believe trying to learn from that.

So it may be an area where we can get more for our dollars and save some money in this kind of fiscal environment.

General Vuono.

General VUONO. I would only add, Senator, we will provide you some details for the record.

[The information follows:]

The Japanese inventory technique I believe you are referring to is the "just-in-time" (Kanban) technique of Toyota. "Kanban" treats the manufacturing process as a variable while treating production and inventory control as a constant, a key result is reduced inventory levels. This technique appears to function well in the Japanese industrial environment of stable production, fixed manufacturing routines and short processing times. Of course, the environment I just described is not consistent with that of the U.S. Army.

The Army environment is diverse, multi-echeloned, geographically separated and, most importantly, must be ready for and capable of sustaining combat operations anywhere on the globe. We must deal in an environment of emerging technology, varied manufacturing processes and competing national goals such as the development of small and minority business.

Even so, our objective is to keep inventory levels as streamlined as possible. Accordingly, we rely on a high velocity distribution system which maximizes the commercially developed concept of unitization, consolidation, and thru-put of supplies and materiel directly from vendors or wholesale supply depots to using units. We further exploit this concept by routinely air lifting those maintenance related spares and repair parts most critical to maintaining the readiness of our combat equipment. The net result is fewer resources invested in inventories and better support to our soldiers. We are continuously looking at ways to improve our logistics system at all levels and are committed to providing our fighting forces everything they need, when they need it, at the least cost to the American taxpayer.

General VUONO. This is of tremendous interest to the Chiefs. At least it is in the Army, because it affects readiness. Our concept very simply is to make some policy changes that I believe will help, to work on automation enhancement, to work on modernization of some of our depots, and then to put into place some education and training policies starting at the lowest levels and working up.

We are working very hard to improve that capability and will provide more detail.

[The information follows:]

INVENTORY MANAGEMENT SYSTEM

General VUONO. Current Army policies are in place to care for and protect our assets. Our soldiers and civilian careerists not only want to do the job, they want to do it right. The Army recently undertook a major rewriting of the Army regulation that covers Supply Policy Below the Wholesale Level, with a focus on clarity and consciseness. Such efforts will continue because they enable the Army to ensure proper execution of its policies, and will improve our inventory management.

Additionally, the Army has been moving towards improved automation of our inventory management systems. Our unit and installation level efforts include the fielding of new computer systems, between now and 1992, or provide greater management visibility of Army assets.

Our current national inventory and depot computer systems were placed in operation in the early 1970s. The logistic processes for initial provisioning, maintenance management, procurement, resupply distribution, and stock control are being supported by computer programs operating in an out-moded ADP environment. We are working to increase productivity through modernization of our hardware and software capabilities and we solicit your support. One effort that we see as providing increased productivity in the near term is the purchase of large scale computers for the Army Inventory Control Activities. At the U.S. Army Missile Command, one of these computers increased our capability for on-line access from 350 users to 1500 users and reduced response time from an average of 18 seconds to less than 1 second. This translates to reduced overtime costs and increased efficiency of our item managers. Our current ADP hardware is saturated. Future enhancements of data processing capability depends on modernization of the supporting hardware.

Completion of the Army's depot modernization projects at New Cumberland, Pennsylvania, Red River, Texas, and Sharpe (Lathrop), California will greatly benefit our inventory management efforts. The upgrading of our major supply depots with new productivity enhancing equipment and improved flow management are projected to generate significant productivity increases.

Finally, the Army has been aggressively pursuing additional inventory management education and training of soldiers and civilian careerist at all organizational levels. As I mentioned earlier, proper inventory policies and procedures are in place and clearly written. The Command Supply Discipline Program was established in 1987 to provide commanders a checklist and feedback mechanism for ensuring their compliance with existing policies and procedures.

The December Report reiterated many of the issues identified in a October 9, 1987, GAO Report—"Army Inventory Management: Inventory and Physical Security Problems Continue." The DOD fully or partially concurred in all of the findings and six of the several recommendations of this report.

The Army has initiated corrective action for all of the deficiencies cited in the GAO Report or is in the process of implementing six of the seven recommendations.

In the one recommendation in which we did not concur, GAO stated that we should "perform a physical inventory of all variances disclosed by comparing the accountable and custodial records . . ." The Army performs a physical inventory on all controlled or sensitive items where there is a quantity variance. Complete inventories for other items are conducted when the extended dollar value of the variance exceeds $800. This is in consonance with DOD guidelines. This also supports a DOD policy which states, "Resources shall be directed toward achieving force readiness goals such that maximum returns will be derived from the resources applied."

Chairman **NUNN**. Thank you very much.

Admiral **HARDISTY**. Senator, the same here. We beginning back in 1983—excuse me. Did I interrupt you?

Senator **LEVIN**. No. I did not understand that was addressed to more than one. Excuse me.

Chairman **NUNN**. No, it was. I wanted each one of you to address this.

Admiral **HARDISTY**. Beginning with the *Kitty Hawk* investigation in 1983, where we found that we had an afloat inventory problem, we have been working on just this same problem.

We have made great strides. We still have some of the problems that General Welch and General Vuono mentioned. We need increased automation. We have SNAP-2 aboard most of our ships, and we have seen great efficiencies there, better inventory management. And we have got a pretty good success story.

We still have some problems in our naval supply depots. In the aviation supply office in Philadelphia, which GAO referred to, we are aware of those problems and working on them, and we owe you an answer back.

The increased automation in inventory control is key to all of this, Senator, and we recognize that.

[Additional information follows:]

INVENTORY MANAGEMENT

MARINE CORPS

General **GRAY**. I feel confident that the Marine Corps supply system currently in place has the capability to inventory and account for every line item and dollar that is invested. Specifically, our inventory management system is accurate to within 1 percent of the dollar value of the $2 billion wholesale inventory, while excesses constitute less than 4 percent of the total inventory by dollar value. Additionally, our supply system is being continually upgraded across the board, at a considerable investment, to take advantage of the latest techniques in data base management which should further improve inventory accuracy and performance statistics. However, we are fast reaching the point where any attempt to further improve performance statistics would be an uneconomical way to spend our limited financial resources.

Chairman **NUNN**. Thank you.

IRRATIONAL ACTS

Senator **LEVIN**. General Welch, just a couple more questions. Going back to this irrational act discussion that we had, as I understand your testimony you feel that the response to pressure on the other side would be more likely to be generation of forces, and so we would then have some warning, and that it would be more reasonable to expect, therefore, if either irrational act occurred, either bolt-out-of-the-blue or one after the generated forces, that it would be somewhat more likely that the attack would be after forces were generated.

Is that fair? They would both be irrational, but it would be somewhat more likely; is that a fair statement of your position?

General **WELCH**. Yes, it is.

Senator **LEVIN**. Pardon?

General **Welch**. I say yes, it is. I would not necessarily agree that our response in generating all of our forces would be only in response to Soviet generation. I do not think it is useful for us to speculate on what might cause us to generate various levels.

We generated some forces in the Cuban crisis. It was not because the Soviets generated forces. I do not know whether they did or not. We generated the forces because of the Cuban crisis.

But certainly I would expect that an attack is much more likely in a generated case then in the day-to-day normal surprise situation.

Senator **Levin**. But would you agree, I gather, that either attack would be an irrational act?

General **Welch**. Well, I would agree with that, but I can never stop there.

Senator **Levin**. I understand. But at least you would agree with that?

General **Welch**. I would agree with that, but there is always the matter of how much faith do you have in rationality, and that varies with the pressure.

Senator **Levin**. I understand.

Just for my last comment, I too am troubled by the appearance that a best case scenario has been used to justify proceeding with both rail garrison and phase one of SDI, and that there is some inconsistency between those two scenarios. That is troubling.

You may want to comment further on that for the record. And as Chairman Nunn mentioned, I know that we will be taking that up further with other witnesses. But that is something which you can perhaps expand on for the record.

[Additional information follows:]

Department of the Air Force,
Office of the Chief of Staff,
Washington, DC, March 24, 1988.

Hon. Carl Levin,
U.S. Senate, Washington, DC.

Dear Senator Levin: I have reviewed the testimony and discussions during the 1 March hearing with the Subcommittee on Strategic Forces and Nuclear Deterrence and subsequently reflected on the discussion of a "bolt out of the blue" strategic nuclear attack on the U.S. at the 16 March Senate Armed Services Committee hearing. The following comments clarify issues raised during that discussion.

There seems to be no disagreement over what provides deterrence of a surprise attack or a generated attack. Successful deterrence comes from U.S. retaliatory capability that ensures the Soviets clearly perceive that the cost to them more than offsets the pressures to launch an attack. The pressures to attack are lower in the surprise attack scenario than in the crisis scenario. Hence, while deterring a surprise attack is the first imperative, that does not make it the most demanding task for strategic nuclear forces. Stability in crisis requires all the forces needed to deter a surprise attack plus additional forces that can raise the cost to the Soviets as pressures mount for a strategic nuclear attack and rational behavior becomes less clearly definable.

On the issue of the need to deal with the threat of a surprise attack, the Air Force does not believe, as suggested in the 1 March questioning, that we can ". . . forget about that 'bolt out of the blue business' . . .". The Air Force has consistently insisted we must have the forces to deter a surprise attack *and* to provide stability in crisis. My verbal comments at the outset of the 16 March hearing reemphasized that conviction.

The very substantial improvements in day-to-day alert forces over the past 10 years, resulting from programs approved by the Congress and further improvements coming over the next few years, provide high confidence deterrence of a surprise attack. The national concentration on filling that need is a result of the concerns regarding the strategic deterrent that surfaced during the seventies. We need not apologize for having succeeded.

The confusion in discussing "bolt out of the blue" comes from inconsistent use of the term. The Air Force considers the definition of a surprise strategic nuclear attack (the so-called "bolt out of the blue") to be an attack in the absence of a U.S.-Soviet confrontation, conflict or other world situation that could lead to any reasonable expectation that the Soviets might resort to a strategic nuclear attack. Others talk about a "bolt out of the blue" attack after a build-up during a crisis.

In the 1 March hearing, General Herres described the scenario the Joint Chiefs agreed to in evaluating a possible Phase I SDI deployment. His statement for the record says: "First, the initial system must limit the damage that can be expected from the leading edge or early phases of wave one of a major Soviet nuclear attack." In the course of this testimony, he carefully described the expected benefits of disrupting the leading edge of a much larger attack. I agree with that characterization of the scenario and the description of the expected, or at least hoped for, benefits.

The only apparent conflict in the testimony during the two hearings comes from the inconsistent use of the term "bolt out of the blue". In General Herres' 1 March testimony he said; ". . . perhaps we have used the 'bolt out of the blue' term a little bit too loosely . . .—let's say a very rapidly developing or escalating crisis, 24 or 48 hours, that kind of thing." An attack following an escalating crisis is not, in my opinion, a surprise attack.

Questions and comments about Rail Garrison during both hearings also tended to divide the scenarios into surprise attack and conditions warranting generating the full strategic nuclear force. That simplification serves neither clarity nor understanding. Transitioning Rail Garrison to Rail Mobile does not increase offensive potential since the missiles are already on alert while in garrison. Therefore, transitioning to Rail Mobile is less threatening than actions to generate higher bomber or SLBM alert which *increase* offensive potential. The decision to disperse in a Rail Mobile mode could be a response to Soviet technical developments, a response to changes in the force balance or force deployments, changes in the world situation or any number of situations short of conditions justifying full generation of strategic nuclear forces.

The SICBM, if the nation finds it to be affordable, would make an important contribution to stability in crisis by adding more to the offensive element of the strategic nuclear deterrent force. That is the proper justification for that system. We should evaluate the potential contribution of a Phase I SDI deployment on the deterrent value of an ability to disrupt the leading edge of a larger attack. That capability adds an almost totally missing defensive element to overall deterrence. We cannot justify the cost of either system on the basis of deterrence of a surprise attack alone. Both would serve deterrence on a much broader scale.

Sincerely,

LARRY D. WELCH,
General, USAF, Chief of Staff.

Senator **LEVIN**. If there are no other questions, we will stand adjourned. Thank you.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

GUARD AND RESERVE FUNDING

Senator **GLENN**. Gentlemen, as you know, our defense posture today is built on a total force concept with the National Guard and Reserve components a full partner and a vital element.

Last year the Congress added to the Guard and Reserve budget a total of $1.2 billion in unrequested funding for such items as C-130, C-23 and P-3 aircraft, armored personnel carriers, and $215 million in "miscellaneous equipment." That $1.2 billion does not include other Guard and Reserve add-ons for Military Construction.

It seems to me that something is wrong with our overall defense planning and budgeting system if the Guard and Reserve are apparently treated, as Senator Gramm described last year as the "B" team, and have to depend on Congress to maintain their combat readiness.

My question to each of you is would you please describe for the Committee how the budget priorities are established for your Guard and Reserve forces and how are these priorities integrated with your active force requirements.

ARMY

General **Vuono**. We do not establish specific budget priorities for the Guard and Reserve. Our budget is built as a "Total Army" package which carefully balances the needs of the total force. We balance resources against strategy and National Military Objectives. We balance between heavy and light forces, between forward deployed and CONUS based forces and between Combat and Support forces. Our Reserve forces are integrated into this process as an integral part of the Total Army.

NAVY

Admiral **Hardisty**. Our procurement approach is requirements based for both active and reserve forces. All requirements must compete for our increasingly limited resources during Program Objective Memorandum (POM) and Budget development.

MARINE CORPS

General **Gray**. The Marine Corps determines resource allocation priorities based on a series of warfighting appraisals in which all sponsors conduct an in-depth mission area analysis of total force requirements. This is followed by a Headquarters-wide effort to determine relative importance to the Marine Corps of one sponsor's initiatives versus another's. Ultimately, the programming committee conducts a benefit/cost analysis of all programs to find the greatest benefit for the Marine Corps at the lowest cost. Since Reserve programs generally provide significant benefit per dollar spent, Reserve programs habitually are supported very well by the Marine Corps.

AIR FORCE

General **Welch**. The Air Guard and Reserve components are treated as equal members in this process. As you know, these forces are integral members of the Air Forces total force warfighting concept. During this past decade we equipped many of our guard and reserve units with new weapon systems straight from the factory. Their yearly budgets are stable and enjoyed growth even during periods of active force multi-billion dollar reductions. Additionally, over the past 10 fiscal years AF Reserve manpower has grown by 39.7 percent and Air National Guard by 19.6 percent, while active forces increased 3.2 percent.

The Air Force program is developed using a corporate approach, structured to support the total force. Air Force Active, Guard and Reserve commanders translate Presidential and SECDEF guidance into operational plans and identify the resources needed to execute those plans. The military judgment of these commanders constitutes the foundation upon which the Air Force Program Objective Memorandum, or POM, is built. Under the supervision of the Secretary of the Air Force, the Air Force integrates operational requirements with the fiscal, manpower, and material resources available. This integration involves balancing near term readiness and sustainability requirements with modernization programs and research and development initiatives. These considerations must also be projected into the future to ensure total program equilibrium over time. As a result, balancing readiness and sustainability with modernization and force structure is a continuous, dynamic process. The combination of all these factors yields a carefully balanced program complemented by extensive analytical support that is responsive to the Air Force total force concept.

Senator **Glenn**. Second, would you recommend any changes to your planning system that would help to maintain the operational readiness of our Guard and Reserve Forces without the Congress having to add-on funds each year?

ARMY

General **Vuono**. We share your concern over what appears to be an inequitable distribution of equipment to the Reserve Component. The Army procures modernized equipment for the *Total Force* and distributes the equipment based upon the policy first to fight-first equipped. As a result, the late deployers (mainly RC) will receive a smaller percentage of new equipment in a restrained/reduced resource environment.

Even though the Army is experiencing a reduction in procurement appropriations, the RC will still increase its inventory of equipment because of the displaced equipment it will receive from higher priority units. These higher priority units will be mission capable because of new equipment received that made the displaced equipment available to the RC. By combining new and displaced equipment the total increases for the RC are as follows:

[Dollars in billions]

Fiscal year:	
1985	1.2
1986	1.7
1987	2.3
1988 (projected)	2.0
1989 (projected)	2.4

A change in our planning and budgeting system is not needed.

NAVY

Admiral **Hardisty**. I would not recommend changes to our planning system since our equipment and associated resources are distributed in a manner that ensures organizational integrity, maintenance compatibility, supply support and fleet interoperability. The National Guard and Reserve Equipment Report, the P–1R Report, and Navy's annual report to the Congress adequately portray our dedication to a strong Navy in all of its elements.

MARINE CORPS

General **Gray**. We recommend no change to our current planning/programming system because we feel the current system provides an equitable arena in which Reserve programs enjoy fair and prudent consideration. Congressional add-ons are generally not a result of the Marine Corps Reserve being treated unfairly within the Marine Corps, but instead reflect austere overall Marine Corps funding.

AIR FORCE

General **Welch**. No. Our current system directly involves our Guard and Reserve Forces in the total Air Force planning process. Additionally, its effectiveness is readily apparent by the high degree of combat readiness maintained by our Active and Reserve units.

READINESS AND SUSTAINABILITY

Senator **Glenn**. Following the Unified Commanders hearings last year, I asked my staff to summarize the deficiencies addressed during the testimony. The summary indicated that CINCEUR, CINCPAC, and CINCENT all listed *readiness and sustainability* as a major deficiency. Each command further broke readiness and sustainability down into four specific areas:

Combat Support/Combat Service Support
Operational Tempo (Training)
Modern Munitions
Repair Parts, and
Air and Sealift

In testimony before this Committee on Monday, the Comptroller General testified that he continues to be concerned about the levels of military Readiness and Sustainability. He further stated that the GAO has just finished a review of several Unified Commands and that Commanders expressed concern that they do have all the forces and materiel they need to carry out their worldwide commitments.

My question is, as the person most responsible for the readiness of your service, how serious are these readiness and sustainability deficiencies? The Combatant Commanders bring them up every year, we listen, and then apparently little or nothing is done. Would you classify your current Readiness and Sustainability as a war stopper?

ARMY

General **Vuono**. The current status of our readiness and sustainability capability is not a war stopper. [Deleted.]

The Army has made improvements in many Combat Support and Combat Service Support (CS/CSS) areas, and initiatives are underway to continue to improve on CS/CSS capability. Given the emphasis on deterrence, combat forces are first priority; CS/CSS forces follow. We cannot afford all the forces recognized as needed to execute our national military strategy. Accordingly, the Army assumes acceptable risk in structuring its support forces. Readiness levels of CS/CSS units are consistent with assigned wartime missions given current resource levels.

In training, the Army has protected its 850 Operating Tempo (OPTEMPO) in fiscal year 1989 despite budget cuts. Likewise, the projected fiscal year 1989 ammunition budget is about 92 percent of that requested in the fiscal year 1988/89 President's budget submit. The average ammunition budget fiscal 1987–89 is 96 percent of the President's Budget Submit.

The Army concurs that there is a strategic lift shortfall which adversely impacts on timely deployments of Army forces. To meet worldwide time phases deployment requirements, considerable effort has been expended to meet the goals established for strategic air and sealift. While the most critical shortfall occurs in initial phases of conflict, the Army has several on-going initiatives to address strategic lift shortfalls. Congressional assistance and funding for the C–17, development and acquisition of a surface effects fast sealift ship, and continued funding for the Ready Reserve Force will help alleviate current shortfalls.

The Army, while it strives to carry-out its world-wide commitments, is not programmed to meet all of the Commanders in Chief (CINCs) stated requirements. We are working with the CINCs to (1) bridge disconnects between planning and programming; (2) synchronize Joint Operations Planning System (JOPS) and Planning, Programming, and Budgeting System (PPBS); (3) integrate CINC requirements into PPBS; and (4) strengthen links between Operation Plans (OPLANS) and Service Programs. We continue to work closely with the CINC's in the Total Army Analysis process to identify and program for their future requirements and to respond to their immediate needs through the CINC's Integrated Priority List input into the Program Objective Memorandum (POM) process. While the ultimate goal is a fully resourced deployable force the Army's current funding, equipping, and personnel strategy best serves the Total Army interests by distributing scarce resources to make the most units combat ready.

NAVY

Admiral **Hardisty**. While building toward the 600 ship Navy goal, we have simultaneously achieved substantial increases in our ability to go to war today, and in our ability to sustain deployed forces during prolonged conflict. Although we have some deficiencies in readiness and sustainability, they are manageable. Our deployed Naval forces are consistently in a high state of readiness, available on short notice for National Command Authority tasking, and capable of sustaining operations during times of conflict.

As a return on our investment since 1981 the overall readiness of our ships and aircraft has improved by 102 percent and 265 percent respectively. Between fiscal year 1981 and fiscal year 1987 the material condition of our ships and aircraft improved 69 percent and 66 percent respectively. During the same timeframe ship and submarine personnel readiness improved 84 percent while squadron personnel readiness improved 112 percent. All of these readiness improvements are a direct reflection of the improved quality and quantity of our manpower and the funding for readiness items such as spares, repair parts, and maintenance.

Substantial resources have been applied to the improvement of sustainability during the early and mid-1980's, and by the end of the fiscal year 1988 funded delivery period we will have realized a 148 percent improvement in air to ground missile inventory, a 302 percent improvement in air-to-air missile inventories and 132 percent improvement in surface to air missile inventories. We need to continue this trend to improve our capability to sustain a protracted conflict.

Navy readiness and sustainability capability today is by no means a war stopper. Our investment program has been and remains a balanced enhancement of today's forces with the needs of the future. The readiness and sustainability investment has been balanced with force structure and modernization during the build-up to the 600-ship Navy, and it is balanced in the fiscal year 1988 budget and our fiscal year 1989 Amended Budget Submission.

MARINE CORPS

General **Gray**. Shortfalls in our current capability are not to be minimized nor are they war stoppers. It comes down to the question, "How much is enough?" Current Defense Guidance says we should have 60 days of supply of combat-essential items. In general, we are approaching that level, but there are some areas, particularly for newer weapons or systems, where we fall short. For example, for ground munitions, we have an overall average of 52 days of supply, but certain state of the art munitions have as little as 18 days supply on hand. Similarly, days of supply for ground equipment vary from 38 days for major combat essential items to 51 days and 55 days for repair parts and medical supplies, respectively. The indicated shortfalls have all been addressed in our "out year" programs.

AIR FORCE

General WELCH. We pay very close attention to the readiness and concerns expressed by the warfighting CINCs; however, competing requirements for limited budget dollars make it impossible to correct all the deficiencies in one year. Even so, we have taken great strides in overcoming these annual deficits in readiness and they are not war stoppers. Improvements in our capabilities since 1980 have been well documented in such sources as the DOD Military Status Report. While reductions in defense dollars will make it more difficult, maintaining the readiness of the Air Force will continue to be a top priority.

SDI PARTICIPATION

Senator GLENN. Gentlemen, as you know, I have been a strong supporter of the SDI program. The thrust of my support has been directed toward the research and development aspects and not an early deployment.

I have opposed what I call a premature deployment rather than an early deployment, on the grounds that we have not yet made the technical breakthroughs necessary to ensure we can have an effective system.

We have made considerable progress in many technical and scientific fields, however, since the SDI program was initiated.

My question to each of you is how strong is your support for the program, what is the current status of your individual service participation in the SDI program, and have you been able to benefit from any of the developing technologies?

ARMY

General VUONO. The Army has provided strong support for the SDI program from its very inception. Evidence of that support can be seen in the establishment in July 1985 of the U.S. Army Strategic Defense Command (USASDC), under the command of LTG John F. Wall. USASDC was established as Field Operating Agency of the Chief of Staff of the Army and is assigned the responsibility to conduct a research program in coordination with Defense, Army and Strategic Defense Initiative Organization (SDIO) guidance. Additionally, the Army, through USASDC, funds and manages the U.S. Army Kwajalein Atoll (USAKA) as a National Test Range, one of only two ballistic missile test ranges authorized by the 1972 ABM Treaty. This range is a unique and irreplaceable national asset providing support for strategic operational and developmental testing for all services, as well as vital deep space surveillance information for the intelligence community.

The Army has significant participation in the SDIO program. USASDC receives approximately one-third of the SDIO budget. In fiscal year 1988 this amounted to $1.2 billion. In fiscal year 1989 funding is projected to increase to $1.5 billion. Another tangible indicator of strong Army support for SDI endeavors is the highly effective financial and program management which USASDC has brought to bear in all of the five functional areas of ballistic missile defense as well as research and technology base development in theater missile defense.

In Surveillance, Acquisition, Tracking and Kill Assessment (SATKA), the Army is collecting data on performance characteristics of missiles and re-entry vehicles. USASDC also is developing the ground-based radars and airborne platforms which will provide early warning, tracking and identification of incoming enemy missiles.

In Directed Energy Weapons (DEW), the Army is exploring new technologies such as the Ground Based Free Electron Laser, which would be used to attack targets, and other beam devices such as the Neutral Particle Beam which would distinguish enemy warheads from decoys and debris.

In Kinetic Energy Weapons (KEW), the Army continues its traditional technology research in developing interceptor missiles for use in the terminal and midcourse phases of an enemy attack. Also included in this area are other potential weapon systems such as the electromagnetic gun and the technologies for theater missile defense weapons.

In Systems Analysis/Battle Management (SABM), the Army is developing portions of the command and control to SDI's highly complex, multi-layered defense system. USASDC is working on both continental and theater defense modes.

In Survivability, Lethality and Key Technologies (SLKT), the Army is investigating technologies for reducing the vulnerability of SDI components, while increasing the effectiveness of the system. This includes the evaluation of developing materials and technologies in light of Soviet capabilities and possible countermeasures.

An additional aspect of Army support for the SDI program is explicitly included in USASDC's mission to coordinate anti-tactical missile (ATM) technology base development to maximize benefits for strategic defense and anti-tactical missile programs. The Army has been designated as the lead service for the ATM program in the Defense Guidance. In response the Army established the Tactical Missile Defense Special Task Force which has produced a Tactical Missile Defense Master Plan which is currently in review. USASDC is developing a research program in support of the active defense portion of the ATM effort.

Since 1954 the Army, through the Ballistic Missile Defense Program Office, has provided basic research to support the possible deployment of an ABM system. This research has resulted in the development of a wealth of technology whose collateral benefits have been applicable to many other Army programs. While SDIO has delineated some new functions for specific SDI objectives, the level of effort in the fiscal year 1988 budget which could spin off into technologies normally associated with traditional Army missions equates to approximately 60 percent of the Army's share of the SDIO budget. These technological benefits which have residual benefit to the Army include: propellants, guidance, controls and hardening of missile components; battle management and command and control system; and, electromagnetic and electrothermal weapons, lasers and neutral particle beams, all of which, when fully developed, will have direct application to modern combat.

NAVY

Admiral HARDISTY. The Navy fully supports the President's long range research and technology effort exploring the possibilities for an active defense against ballistic missiles. The Navy's current SDI efforts consist of a variety of individual technology research tasks for SDI.

The Navy will in turn benefit through application of SDI technology toward our tactical and strategic warfighting requirements. The commonality of the defense in depth concept to both SDI and Navy carrier battle group defense has and will continue to have a synergistic effect in the search for solutions to Navy's self defense problems. Computer algorithms developed for SDI BM/C3 have been tailored for use in both the Fixed Distributed System (FDS), an acoustic ocean surveillance system, and the Carrier Battlegroup HF Communications Network. The parallel processing "Butterfly" computer has been installed at CINCPAC for use by the Fleet Communications Center Battle Management Program (FCCBMP). As Fleet needs continue to be matched with the multitude of emerging technologies from the SDI program, enhanced capabilities in open ocean surveillance, battle management, command, control, and communications and weaponization of the high energy technologies will certainly follow.

MARINE CORPS

General GRAY. In a time such as this when defense dollars are limited, we must be cautious to program our spending to maintain a balanced defense force. I support the SDI program. I along with you would not support deployment of SDI unless we have the proven technology needed for an effective system.

Other than as a service working the many joint SDI issues, the Marine Corps is not directly involved in any portion of the current SDI program.

Although we have not, to date, benefitted from developing SDI technologies, I have Marines from the Amphibious Warfare Technology Directorate at the Marine Corps Research, Development and Acquisition Command (MCRDAC) working with the SDI organization on the SDI Technology Applications Panel. This joint panel is examining weapon systems and other emerging technology developed by the SDI organization to determine if it can be applied to conventional Marine Air and Ground forces.

AIR FORCE

General WELCH. I fully support the SDI program and believe that deterrence can be enhanced by the addition of defense weapons to our strategic forces. The SDI program should continue to be funded to support a strong technology development program so we will have a sound basis for developing a ballistic missile defense system which can evolve to increase its effectiveness even in the face of Soviet weapon system advances. We must be sure that the follow-on technology is mature enough to support follow-on phases which both mitigate Soviet advances and increase the capability of our first deployments so we can achieve the President's goal.

The Air Force has been and will continue to be a full participant in the SDI program. We have done about one-third of the research in the program. Several efforts within the SDI program are essential to the Air Force since they will provide follow-on systems for some of our missions. The Boost Surveillance and Tracking System (BSTS) is designed to fulfill our Tactical Warning/Attack Assessment (TW/AA) requirements and would replace our present day system. The Space Surveillance and Tracking System (SSTS) will be capable of greatly enhancing our space surveillance capability allowing us, for the first time, to have worldwide coverage of spacecraft maneuvers. Space-based interceptors (SBI) ground-based interceptors and directed energy weapons research within the SDI program provide alternatives for a future ASAT weapon. Development of this technology is important to meet a spectrum of missions in addition to the ballistic missile defense mission.

The Air Force will benefit greatly from the developing technologies of the SDI program. The three major systems cited earlier all incorporate many of the technologies now under development within the SDI program. For instance BSTS will be more capable because of its use of advanced infrared focal plane technology. SSTS will be dependent on advances in cryo-coolers and processing technology. A lightweight seeker is being developed for the SBI program that will also be applicable to tactical missiles. The SDI survivability program will provide benefits to all of our satellite systems. A hemispherical resonator gyro is being developed that saves money, is very small and is applicable to our strategic and cruise missiles. These are just a few examples of how we plan to use this technology.

Manpower Strength Levels

Senator **Glenn**. The DOD is proposing a reduction in active-duty military strength of 35,917 from the fiscal year 1987 level. The Subcommittee on Manpower and Personnel, which I chair, will be looking at these reductions closely. I want to make sure that the reductions are based on programmatic decisions are not applied in an undefined manner across the board. I think this important because I believe a smaller combat force structure is preferable to one that is larger but hollow.

Would each of you please comment on the process you used in determining the active duty strength reductions and give us a feel for what portion of the cuts are directly related to down sizing force structure?

ARMY

General **Vuono**. The process used by the Army was very straight forward. The reductions were taken in areas that would cause the least impact on the Army's capability to support the warfighting Commanders in Chief. Our initial assessment indicated that combat units had to be included. Separate combat support/combat service support units were excluded as analysis showed that these units remain essential to support our land forces. Combat Force Structure Reductions, in the aggregate (unit inactivations, stopping planned activations, and a small reduction in TOE aviation spaces) will provide approximately 46 percent of the active component military reduction.

NAVY

Admiral **Hardisty**. In December 1987 following SECDEF direction to reduce the Department of the Navy program by 11.6 billion dollars, the Navy initiated budget adjustments for resubmission of the fiscal year 1989 Budget to OSD. As a result of this budget review and adjustment process, activation of the 14th Airwing was deferred and two SSBNs were earmarked for decommissioning. During the OSD/OMB Budget review, the decision was made to decommission 16 frigates; eight in fiscal year 1988 and eight in fiscal year 1989. The budget review process had the net effect of eliminating the 9,600 fiscal year 1989 growth which was originally requested in the fiscal year 1988/89 Biennial Budget Submission of January 1987. Sixty-eight percent of the 9,600 growth which was eliminated is directly related to downsizing the force structure.

MARINE CORPS

General **Gray**. The decision to reduce active-duty strength was driven by budget considerations rather than analysis of the structure and end strengthen necessary to perform assigned Marine Corps missions. We were directed to make overall budget reductions of a certain size, and realized that reductions to our manpower costs would be necessary if we were to achieve the necessary savings without unacceptable damage to other Marine Corps accounts. The required manpower savings could only be achieved by reducing end strength or destroying programs essential to maintaining force quality. We chose to maintain quality and reduce the size of the force.

AIR FORCE

General Welch. In the fiscal year 1988/89 President's Budget, the Air Force reduced 8,150 authorizations. Of these, over 3,000 were cut as a result of decisions to reduce tactical fighter wing equivalents from 38 wings to 37 and to inactivate several small units effective in fiscal year 1988. Congress reversed most of these decisions without reinstating the associated manpower. The result was a congressionally approved military end strength of 598,700.

Congressional dollar reductions forced the Air Force to identify further programmatic reductions for both fiscal years 1988 and 1989. The Air Force made tough decisions that will protect our people while maintaining the balance between readiness, sustainability, modernization and force structure. Since manpower is a resource that supports programs, as programs are reduced the supporting manpower is also reduced. However, the magnitude of the reduction in the Military Personnel Appropriation drove manpower cuts in excess of those caused by program drawdowns. The impact of the budgetary constraints was an additional 23,100 military manpower reductions. Thus the Air Force reduced a total of more than 31,250 military manpower authorizations in fiscal year 1988 resulting in a total end strength of 575,603. Virtually the same end strength is requested in fiscal year 1989: 575,600. These end strength levels represent the funded level, not the required level.

The primary reductions in Air Force military manpower from the level approved last year for fiscal year 1988 to the level requested this year for fiscal year 1989 are:

Force structure and modernization	+0.5
Additions: F-15E, OA-10, F-111, WC-130, C-5B, MC130, Reserve Force Modernization	(+2.9)
Deletions: SR-71, RC-135, F-5, F-15, F-16, H-3, H-53, OA-37, OV-10, T-33, C-135, C-5A, H-3, Flying Hours, Minuteman Maintenance, Small ICBM, LANTIRN, GLCM	(−2.4)
Readiness and sustainability	+0.7
Medical Weather, NATO Air Base System, Logistics Readiness, Initiative, Air Base Ground Defense, SDI, Weapon System Development & Test, Reserve Force Readiness Initiative, Aerial Port, Weapon System Security.	
Command and control	−1.4
Air Force Space Activity, C^3 Unified/Specified Commands, OTH-B Radar, Base Information Digital Distribution, Communications/Data Automation, Audiovisual, JSS Site Inactivations, Reserve Force Mobile Communications.	
Training and pipeline	−20.4
Reduced Accessions, UPT Increase, Graduate Education Program Reduction, PCS Adjustments, Training, Decreased Unit Manning, Airman Education & Commissioning Program.	
Economic initiatives	−1.5
Logistics Modernization System, Contract Conversions, Permanent Resource Protection System, Host Nation Support, Separate Operating Agency/Direct Reporting Unit Reduction (5%).	
Officer to Civilian Conversion	−1.1
Other	+0.1
Family Support Centers, Okinawa Family Housing, Foreign Military Sales, Military/Civilian Conversion, On-site Inspection Agency, Classified Programs, Miscellaneous.	
Total	23.1

Manpower Strength Levels

Senator Glenn. Are each of you confident that any analysis you do on this issue will be objective, and can you assure us at this time that your analysis will take into account the overall active-duty strength cuts you propose in fiscal year 1989 so that those cuts will not fall disproportionately on the enlisted force?

ARMY

General **Vuono**. Yes. The analysis has been objective. The officer content of the current active force is 13.9 percent. The officer content of the 8,600 active end strength reduction is 17.6 percent.

NAVY

Admiral **Hardisty**. I am confident that our analysis is objective and that the Navy is efficiently and effectively allocating active strength to the overall program. Our fiscal year 1989 Amended Budget Submission (ABS) eliminates 9,600 active end strength growth which was originally requested in the fiscal year 1988/89 Budget submitted in January 1987. This reduction in planned growth for fiscal year 1989 has not fallen disproportionately on the enlisted force. A comparison of the fiscal year 1989 ABS end strength request with that contained in the original fiscal year 1988/89 Budget shows a balanced reduction of 2,817 officers and 6,783 enlisted. Historically, Navy has needed enlisted and officer personnel in a ratio of about 7 to 1. We see no need to alter that overall ratio significantly in the future, although requests in individual budget years may vary depending upon program or force structure changes.

MARINE CORPS

General **Gray**. This end strength reduction was considered during a thorough structure review which concluded that we could not properly man the desired Marine Corps structure with the reduced end strength. The reduction of 2,900 end strength from our fiscal year 1989 programmed strength will require us to cadre three reinforced infantry battalions or 11 percent of our infantry combat power. We will still be able to perform our assigned missions, but the degree of risk will increase.

The Marine Corps strength reductions have been balanced and have not fallen disproportionately on the enlisted force. The decision to reduce enlisted strength was objective. Thorough analysis of our officer requirements confirmed that the fiscal year 1987 officer cuts reduced us below our documented officer strength requirement. This conclusion was supported by the Department of Defense which added officers back to the Marine Corps in fiscal year 1988. The enlisted end strength reduction offset the earlier officer reduction and maintained our officer to enlisted ratio at the fiscal year 1986 level—by far the lowest level of all the services.

AIR FORCE

General **Welch**. Comparing fiscal year 1988 and fiscal year 1989 in last year's budget to this year's budget shows the military end strength is reduced by 23,097 (−4.2 percent) in fiscal year 1989. Air Force cadet strength is stable at 4,417 in both budgets. The officer and enlisted reductions reflect a balanced approach in maintaining readiness, sustainability, modernization and force structure within the current budgetary constraints, as well as decisions made to resolve Military Personnel Appropriation (MPA) deficits resulting from Congressional budget cuts.

Due to statutory limitations on the eligibility of officers for separation programs such as Selective Early Retirement Boards (SERBs) and Reductions in Force (RIFS), notification requirements, and increased costs in some cases (such as separation pay for RIFed officers), sufficient officers could not be separated to meet the MPA deficit. Therefore, reductions driven by MPA deficits were taken primarily in the enlisted force rather than the officer corps.

The officer and enlisted changes are as follows:

	Fiscal year 1988		Fiscal year 1989	
	Officer	Enlisted	Officer	Enlisted
Fiscal year 1988/89 PB	109,071	485,212	109,615	486,568
Fiscal year 1989 amended	105,538	465,648	105,538	465,645
Difference	−3,533	−19,564	−4,077	−20,923
Percent	(−3.2)	(−4.0)	(−3.7)	(−4.3)

Further officer reductions planned for fiscal year 1990 will bring officer reductions in line with enlisted reductions.

MANPOWER STRENGTH LEVELS

Senator GLENN. One of the most emotional issues we have had to grapple with in the issue of officer strength. The Congress has been concerned about the disproportionate growth in officer strength since 1980. Because the Department of Defense has been unable to justify this growth in any analytically compelling manner, the Congress mandated a 6 percent reduction in officer strength from the fiscal year 1986 level. The Department of Defense took a 1 percent cut in fiscal year 1987 and was to take a 2 percent cut in 1988 and a 3 percent cut in 1989.

The requirement for the fiscal year 1988 and 1989 cuts were subsequently modified by the Congress so that the Department of Defense could elect to take a 1 percent cut in fiscal year 1988 and take a 2 percent cut in each of the next 2 fiscal years. I note that the Secretary of Defense has exercised this option.

I have said repeatedly that I am the last person who would want to see any degradation in combat readiness because of these cuts. To date, I have not been convinced that these cuts would have any detrimental effect on combat readiness. I trust you have looked into this and that the Department will address this issue analytically in budget authorization hearings before the Subcommittee on Manpower and Personnel.

ARMY

General VUONO. Yes, the Army has looked into this in detail. The written analysis has been provided to Congress by the Office of the Secretary of Defense.

AIR FORCE

General WELCH. Through prudent conversion to civilian and enlisted personnel, the 3,500 officer reductions (3.2 percent) through fiscal year 1988 will be in areas that will minimize the impact on combat readiness. The Air Force has proposed an additional 1,000 authorizations for conversion to civilian, 500 each in fiscal year 1989 and 1990. These conversions will be in areas identified in the Officer Requirements Study submitted to Congress on March 1, 1988.

For fiscal year 1990, the Air Force is proposing to eliminate approximately 2,100 more officers as a result of force reductions reflect the fact that manpower is a resource that supports programs, and as programs are scaled back or eliminated in response to budget cuts, the supporting manpower is also drawn down. Combat readiness will be adversely impacted to the extent that risk is increased as force structure is reduced.

In sum, the Air Force plans to eliminate 6,600 officers by the end of fiscal year 1990, bringing the total reduction to 6.1 percent.

GUARD AND RESERVE READINESS

Senator GLENN. An area that I am concerned about is how well the Department of Defense is integrating the Guard and Reserve into the Total Force. I am especially concerned about the readiness of Army Combat Support and Combat Service Support Units. We got into this last year, and recent reports still indicate that 55 percent of Army's Combat Support and Combat Service Support units are not combat ready. This leads me to wonder if we have gone too far, too fast in assigning missions to the Reserve.

Would each of you assess the readiness of reserve forces for your respective services?

ARMY

General VUONO. Recognizing that the Reserve Components are an important part of the total force dedicated to our national defense, the Army has thoroughly integrated the Army National Guard (ARNG) and US Army Reserve (USAR) into its planned contingencies. As a result, readiness within the Army's Combat Support and Combat Service Support (CS/CSS) units is a priority issue in our efforts toward total Army readiness. The Army leadership and that of the respective Reserve Components, therefore, have embarked upon numerous initiatives to bring ARNG and USAR units to a readiness level commensurate with their warfighting requirements.

Both Reserve Component forces are showing a positive trend in their readiness. [Deleted] represents a change since October 1985 when [deleted]. The ARNG current CS/CSS ready population closely parallels the Active Army which reports [deleted]. Viewing the present CS/CSS population for the ARNG reveals [deleted]. October

1985 statistics show [deleted]. This represents an overall change of 14 percent in the ARNG since October 1985. Likewise, the USAR has demonstrated a positive trend in the number of units reporting a ready status. The most recent data shows [deleted].

We expect these improvements to continue as force readiness programs enhance Reserve Component equipment readiness and Military Occupational Specialty Qualification. I believe current force alignment, continued intensive management, and funding support will provide a sustained improved readiness trend, and a CS/CSS force capable of sustaining the currently deployed forces of our Army.

NAVY

Admiral HARDISTY. The Naval Reserve is more ready today than it has ever been to perform its role in the national defense. The readiness of the Naval Air Reserve Force has never been higher. Over 73 percent of its commissioned or hardware units are rated C-2 or better and 60 percent of noncommissioned reinforcing and sustaining units are R2 or better. A solid indicator of that readiness is the outstanding safety record compiled by the Naval Air Reserve. Last calendar year the command accumulated over 196,079 accident free flight hours while operating throughout the world in every kind of flight condition. This is a "first" for a major aviation command and is indicative of the professionalism and dedication of the men and women of the Naval Air Reserve Force.

Our Naval Reserve Force (NRF) ships show an excellent overall readiness with an upward readiness trend reflecting a 10 percent improvement since March 1987 in fully and substantially ready levels of combat readiness. NRF ship overall readiness and status of resources is approximately equal to that of counterpart ships in the Active Force. Situations such as the Middle East Force deployments by NRF frigates and minesweepers have validated the readiness and viability of the NRF ships.

Surface Combat Support/Service units have shown good readiness since March 1987 reflecting a level trend in numbers of fully and substantially ready units. A moderate increase in the number of units not fully ready for mission accomplishment has occurred primarily because of the establishment of new units during the year.

Surface Reinforcing/Sustaining units show excellent readiness with an upward trend since March 1987. There has been a 22 percent increase in R1/R2 units and a concurrent 27 percent decrease in R4 units. The substantial improvement in readiness has been primarily caused by a renewal of training emphasis within our Surface Program to Upgrade Readiness (SPUR).

MARINE CORPS

General GRAY. Overall readiness of Marine Corps Reserve units is continuing to improve. Combat Service Support units as a group continue to trail Combat units in overall readiness; this is largely because of the nature of the MOS's required to fill these units. However, the Marine Corps has, and will continue to assign missions to its Reserve component based on force planning studies of our worldwide commitments. We are careful to place structure and missions in the Reserves that are not required in the Active Component short of mobilization. This enables the Marine Corps to rapidly respond to low to mid-intensity conflicts without necessitating Reserve augmentation.

AIR FORCE

General WELCH. The Air Reserve Components are at the highest state of readiness in our nation's history. In 1987, 98 percent of the Air Force Reserve flying units were combat ready, and now they are at 100 percent; non-flying units increased 6 percent, to 86 percent combat ready; and medical units made a dramatic 18 percent increase, to 94 percent this past year. While these numbers exclude our new and converting units, Air Force Reserve units showed an overall 11 percent increase this year, and stand at 93 percent combat ready.

The Air National Guard (ANG) readiness statistics show a similar condition. The ANG is larger and more capable than at any time in its history. Increased manpower and continued modernization results in a force which is more able to perform its wartime mission. In the next three years, 20 percent of the ANG flying units will undergo major aircraft conversions. Today, with the exception of converting units, 100 percent of our ANG flying units are combat ready. This fact is evidenced by ratings received from active Air Force inspection teams during Operational Readiness Inspections (ORIs) of ANG units. In addition to inspection records, ANG's

Status of Resources and Training System (SORTS), supports the statement that the ANG is more capable today than any time in history. During 1987 alone, the ANG improved their C-1 ratings by 17 percent over the previous year, 10 percent in the flying units and 23 percent in mission support units. This marked improvement is the result of receiving the support equipment and spares from previous funding efforts. Readiness should continue to improve as units complete their conversions and continued attention is given to equipment shortfalls.

MEDICAL READINESS

Senator GLENN. Another area we got into last year was medical readiness. Shortfalls in Reserve medical manpower are virtual war-stoppers. Figures we got last year indicate the Reserves are short 56 percent of general surgeons, 67 percent of anesthesiologists, 72 percent of orthopedic surgeons, 52 percent of operating room nurses, and 57 percent nurse anesthetists. In addition, the Reserves are short by 73,000 enlisted health providers. We provided compensation and other authorities in the Defense Authorization Act we passed last year to help you work this problem. I bring this issue up because it has a direct effect on combat readiness.

Would each of you comment on the degree of medical readiness for your respective services?

ARMY

General VUONO. Medical readiness continues to be a very key issue within the Army. As you know, the Army's medical force structure includes both the field units to support the Theater Commander's mission and the Continental United States (CONUS) medical base to sustain the force. Over the past year, significant progress has been made to enhance medical readiness in all components, especially in the personnel and equipment areas.

Although much remains to be accomplished in meeting our full wartime requirement, genuine progress has been made in all components in recruiting health care professionals. The Army currently has sufficient health care providers to meet the Theater Commander's requirements with the exception of some surgical specialties. We are also experiencing shortfalls in the CONUS base. The compensation and other authorities you've mentioned will certainly help us alleviate some of our shortfalls because they are specifically targeted at these critical surgical specialties. To date, there are 80 physicians and 22 nurses enrolled in the New Specialized Training Assistance Program; and 95 participants in the Health Professional Loan Repayment Program. Shortages of health care professionals in Army CONUS base facilities reduce our operating bed capability, necessitating reliance upon the National Disaster Medical System and Veterans Administration.

Significant progress has also been made in equipping our medical force. The Deployable Medical Systems (DEPMEDS) initiative provides standard Department of Defense modular materiel sets for use throughout the theater of operations. DEPMEDS is designed to equip hospitals from the combat zone to the communications zone. This ambitious initiative represents a multi-year fielding process. To date, six hospitals have been fielded and an additional 109 sets are scheduled for fielding between fiscal year 1988 and fiscal year 1993. Also included in this modernization effort are newly designed aid station and clearing station sets, dental x-ray sets, air and ground ambulance sets, chemical decontamination kits, and many other critical items of equipment. We have programmed an additional $21.9 million for procurement of non-hospital medical equipment, not previously mentioned, which will dramatically increase medical readiness in the Reserve Component.

NAVY

Admiral HARDISTY. Medical readiness is a combination of people, material resources, doctrine, and training consolidated into a plan to respond when required. Such events range from routine medical support for operational exercises and deployments to medical teams specially designated for evolutions such as Beirut, Grenada, or, more recently, the medical support of operations in the Persian Gulf. The plan encompasses the total force structure and an ability to expand to full mobilization for war.

The active component force structure is operating on a very thin margin. By the end of fiscal year 1988, our rapid response requirements will include personnel augmentation support to the Fleet Marine Forces, the 1,000-bed Rapidly Deployable Medical Facility, two hospital ships, eight fleet hospitals, amphibious assault ships with casualty receiving and treatment capability (five LHAs and seven LPHs), and the requirement to expand our overseas fixed medical treatment facilities. Although the total numbers for the active component are available today, the proper mix by specialists is not. There are shortages of certain specialists, for example, surgeons, anesthesiologists, operating room nurses, etc. We are actively recruiting and training to alleviate these critical shortages. After fiscal year 1988, the addition of five more amphibious assault ships (LHDs) will require the flexibility and responsiveness of staffing by the active component.

Staff for the 12 fleet hospitals assigned to the reserve medical component appears to be slowly matching the realities of the requirement. We have 70 percent of the fiscal year 1988 requirement; however, the mix by specialists displays distinct shortfalls in critical areas. Because Reservists will be needed to staff both the reserve fleet hospitals and to backfill our CONUS hospitals upon mobilization, aggressive recruiting and vigorous training efforts are being applied to avoid personnel shortfalls.

Our approved fleet hospital program includes 20 fleet hospitals for a total of 10,750 beds. The first three fleet hospitals achieved initial operating capability (IOC) during fiscal year 1987. Five more will achieve IOC during fiscal year 1988 and the remainder should be procured by fiscal year 1992.

In this new era of even more severe fiscal constraints, we are applying the concept of "austere but adequate" in attempting to meet our medical readiness requirements. We are not where we would like to be, but we have come a long way from where we were and have a good start on meeting our requirements.

MARINE CORPS

General GRAY. In terms of active forces, the Marine Corps is in good shape. While approximately only one-half of our total wartime medical billets are manned during peacetime, during war these unmanned billets would be filled by active duty personnel currently serving in Naval hospitals and clinics. These personnel are preassigned through the Navy's Medical Personnel Unit Augmentation System (MPUAS) to fill specific Marine Corps billets and, following activation of the MPUAS, would report to their Marine command within 72 hours. We, in conjunction with the Commander, Naval Medical Command have tested this system and are confident that it works.

Improvements in our medical equipment and supplies have also enhanced our medical capabilities while, at the same time, reducing the amount of lift required to transport these assets. We have in stock, the supplies and equipment necessary to medically support our Marines, should the need arise.

We are still experiencing and are concerned about significant shortfalls in the manning of our reserve medical units. The Marine Corps is working closely with the Chief of Naval Reserve to resolve this problem and we support recent DOD and Navy initiatives designed to reduce the shortfall. This issue requires our continued attention and support if we are to make any headway in this area.

AIR FORCE

General WELCH. Medical readiness is an integral element of our deterrent posture as well as an essential part of our combat capability. Our medical readiness program relies heavily on prepositioning materiel in geographically dispersed areas. The majority of the personnel to staff these assets will be deployed from CONUS right along with our combat forces.

Since 1980, we have made considerable investment in medical readiness. Using 1978 as a baseline, when the cumulative investment in medical War Reserve Materiel was a meager $17 million, the value has increased to $450 million this year. This provides for about 70 percent of our large contingency hospital requirement, about half of the second echelon care and a large amount of other support resources. In addition, we have a formal agreement with a NATO country that provides a substantial number of contingency hospital beds as an interim fix until we can establish U.S. capability.

Two other new programs will substantially enhance our medical readiness capability. During 1985, the concept of a Survivable Collective Protection System–Medical (SCPS–M) was successfully demonstrated at Spangdahlem AB, Germany. We will begin procurement in fiscal year 1989 of 128 of these chemical-biological-conventional survivable systems for locations in Europe and the Pacific. SCPS–M will allow us to provide timely "emergency room" type care to seriously injured patients and enhances our ability to return less seriously injured to duty in minimal time. We are developing a dedicated strategic air evacuation program using the Civil Reserve Air Fleet. This initiative, scheduled to begin in fiscal year 1989, will provide equipment sets to configure up to 85 Boeing 767s and 30 McDonnell-Douglas MD–80s. These assets will enable us to transport medical equipment, supplies and medical personnel to the theater and to transport patients from the theater back to CONUS, thereby eliminating competition for use of C–141s for aeromedical evacuation.

We forecast a requirement for over 86,000 medical personnel, 65 percent available in Active Duty units and 35 percent in the Reserve Components. By the end of 1989, we forecast a shortfall of 13,000 military personnel or 17 percent of our military requirements. We have reduced the shortfall considerably from the fiscal year 1980 level of nearly 31,000, primarily through growth in the Reserve Forces. While the total growth has been noteworthy, the shortfall in both critical and overall medical manpower is still of great concern. We have developed initiatives that eliminate medical manpower shortfalls over the next several years.

First, we have examined our physician training programs in an effort to produce more of the essential wartime skills. Second, we have implemented incentive programs in the Reserve component such as medical school and nurse education loan repayment, medical school stipends, flexible participation options in Reserve programs and opportunities for advanced medical training. Third, we are looking at Pretrained Individual Manpower resources (Individual Ready Reserves, Standby Reserves, Active Duty Retired, and Reserve Retired) to identify the necessity for their retraining upon mobilization and explore ways to accelerate their recall to support our CONUS Casualty Receiving Hospitals. By including PIM resources who would be made available before our estimated peak casualty workload, the manpower shortfall could be reduced to approximately 5,000 personnel vice the 13,000. Finally, we are addressing, with the Office of the Assistant Secretary of Defense, Health Affairs, the potential of skill substitution and skill enhancement within the medical function such that we can more fully utilize our personnel resources to accomplish specific tasks associated with caring for wartime casualties. We are exploring other initiatives to reduce the remaining shortfall; i.e. cross utilization of similarly trained physicians for critical skills.

Unit level medical readiness training conducted annually has also expanded significantly since 1980. Our Continuing Medical Readiness Training program improves the capability of medical personnel to cope with environmental and equipment limitations found in the combat scenario. Thousands of medics have been and will continue to be trained in skills required in contingency situations. Formal courses have also been developed, including: Battlefield Nursing, Combat Casualty Care (C4), Combat Casualty Management (C4A), Medical Readiness Indoctrination (officers), and the Basic Medical Readiness Courts (enlisted). The C4 and C4A courses are particularly noteworthy as they provide realistic in-the-field training to all Services in a true joint venture. We are also developing Mobile Medical Training Teams and will, by 1989, have the capability to take the C4 course directly to Reserve and Guard medical units.

NAVAL AVIATION PLAN

Senator **Glenn**. Admiral Hardisty, during the Authorization Conference last year, various members of this committee were presented with several different long-range naval aviation plans by several different Navy representatives.

Has the Navy now decided on an agreed Naval Aviation Plan for the next five years? If so, can you give us any details? Also, in light of the cancellation of the A–6F, what are the Navy's plan to upgrade the essential night, all-weather capability of the A–6E?

Admiral **Hardisty**. Currently, the Navy's 5-year aviation procurement plan is under review at the Secretary of Defense level as part of the ongoing budget formulation and review process. It would be inappropriate to speculate on the Secretary's final decision. The cancellation of the A–6F was an integral factor in the development of our procurement plan. Recommendations on an A–6 upgrade have also been forwarded to the Secretary of Defense.

AV–8B INVENTORY REQUIREMENT

Senator **Glenn**. General Gray, it has been stated that the Marine Corps does not have an AV–8B requirement for 8 fleet squadrons and one training squadron primarily because the Corps does not have sufficient sealift to transport the ground forces that will require that size of an AV–8B force. What is the Marine Corps' requirement for AV–8B's and is this requirement solely linked to our amphibious lift capability?

General **Gray**. The Marine Corps' total AV–8B requirement is driven by the number of Marine Air Ground Task Forces (MAGTFs) we can expect to be simultaneously employed in support of CINC warplans. To support these warplans, our objective is to have the capability to employ approximately one-half of these forces from amphibious shipping and the remainder using prepositioned equipment. Our combat forces are task organized into Marine Expeditionary Forces (MEFs) which are roughly equivalent to a reinforced division with an airwing in support and smaller Marine Expeditionary Brigades (MEBs). MEB sizing varies depending on the tasking and threat.

In all, 13 AV-8B squadrons are needed to meet these requirements. Specifically:

Force	Employment	AV-8B squadron required
MEF	Amphibious	5
MEB	Amphibious	2
2 MEBs	Prepositioning ships	4
MEB	Prepositioned (Norway)	2
Total squadrons		13

Our 8 squadron AV-8B force structure objective is a tradeoff, between this total requirement and current peacetime deployment tasking, manpower limitations, and fiscal constraints. As shown in the notional MAGTF force structure allocation attached to my posture statement, our capability today to support this entire requirement is only 5 AV-8B squadrons.

Senator **Glenn**. There has been some criticism of the operational performance of the AV-8B and some say that the V-22 could supplant the AV-8B in the outyears. Has the AV-8B lived up to your expectations and have you looked at the V-22 as a close air support variant?

General **Gray**. Let me address that question in two parts. First, as to the AV-8B's operational performance; the AV-8B's in the Fleet Marine Forces are exceeding our expectations. In joint air-to-ground operations we have found that by any measure: weapons delivery accuracy, range-payload, speed, and maneuverability, the AV-8B can hold its own with the F/A-18 and F-16 with two exceptions—the AV-8B can generate more sorties per day and is the only aircraft that can execute these missions from 1000 ft. runways, roads, grass strips or amphibious ships. I too, have heard these criticisms of the AV-8B and in each case have found that they are lingering criticisms of the AV-8A, predecessor to the AV-8B.

Second, you asked about the viability of the V-22 as a close air support successor to the AV-8B. The V-22 itself is not suited for close air support but a properly designed tilt rotor aircraft has exciting potential as a close-in fire support replacement for our current AH-1 and OV-10 force in the future. We are actively studying this option.

Questions Submitted by Senator John W. Warner

SUBMARINES

Senator **Warner**. Admiral Hardisty, this year's budget request includes funds for the first *Seawolf* (SSN-21) class submarine and for two additional *Los Angeles* (SSN-688) class submarines. What priority does the Navy place on funding the lead ship SSN-21 and the associated long-lead funds?

Admiral **Hardisty**. The Secretary of the Navy has stated that we consider SSN-21 to be the top priority Navy development program. SSN-21 is needed to ensure submarine superiority over the projected capabilities of the Soviet submarines in the 1990s and beyond. SSN-21 will be a cornerstone in the Navy's maritime strategy. Long-lead funding for the lead ship was appropriated in fiscal years 1987 and 1988. Continuation of this highly successful development program, authorization of the lead SSN-21 and long-lead procurement for follow ships is critical to our long-term superiority.

Senator **Warner**. Is the Navy satisfied with the capabilities of the latest SSN-688s? Also, what margin remains available for further significant improvements in the SSN-688?

Admiral **Hardisty**. The SSN-688 class nuclear attack submarine is the best attack submarine at sea today and the Improved SSN-688 submarines (SSN-751 and later) will be even more capable. These ships represent significant improvements over those delivered only a few years earlier and the Navy is confident these submarines will be clearly superior to the Soviet's best in the mid-term. Additionally, the Improved SSN-688 will provide for an orderly transition to the capable SSN-21 which is being developed for long-term submarine superiority.

Since delivery of the SSN-688 in 1976, the class has steadily been improved to meet the continually increasing Soviet threat. All warfighting capabilities have been improved. These improvements have not been easily achieved. With the Improved SSN-688 class, essentially all weight margin for potential future improvements has been expended. While incremental improvements can and will continue to be made, there is essentially no room left for significant improvements.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

M1 TANKS TO NATIONAL GUARD

Senator THURMOND. The Army has testified that it intends to provide the National Guard with additional M1 Tanks rather than upgrading the M60A3 to a survivable tank. Will the Army provide the National Guard with all 3,357 tanks to fill National Guard units, along with complete unit sets?

General VUONO. The Reserve Component tank force, which is made up primarily of National Guard units, would be provided Abrams M1 series tanks to the extent that these tanks become available over time. Of course, this depends on continued funding for Abrams production. Roundout battalions have been, or will be, provided M1 tanks. We are developing a plan to provide M1 to non-roundout battalions. Ultimately, the quantity of Abrams tanks procurred will determine the number of Reserve Component units to which the Abrams is fielded. Units provided with M1 tanks will have access to full unit sets for training. In no case would we plan to send a unit to war with less than a complete unit set of tanks.

Senator THURMOND. What is the total cost of providing the tanks and associated equipment?

General VUONO. M1 tanks will be provided to the Reserve components as they are displaced from active units by newly produced M1A1s. The cost of the Abrams production program is about $2.4 billion per year to obtain 576 tanks per year. Converting an M60-series battalion to an M1 battalion would require approximately $1.56 million in incremental equipment costs, and an additional $2.1 million in Authorized Stockage Level (ASL) and Prescribed Load List (PLL) items.

Senator THURMOND. Over what time frame will the tanks and unit equipment be issued?

General VUONO. Roundout battalions were issued M1s starting in fiscal year 1983. The first non-roundout battalion will receive M1 tanks this year. This program could continue into fiscal year 1996 depending upon the rate of M1 production.

BRADLEY FIGHTING VEHICLES

Senator THURMOND. Does the Army plan to provide the companion Bradley Fighting Vehicles for the National Guard mechanized units that will operate with the M1 units?

General VUONO. Yes. Roundout battalions have already been or will be provided with Bradley. We are working on a plan to provide Bradley to non-roundout Reserve Component units in conjunction with M1. The rate and extent to which this would be done would depend upon continued Bradley procurement.

Senator THURMOND. What would be the cost of providing these Bradleys and timeframe of issue?

General VUONO. The Reserve Components have a total requirement for 2,990 Bradleys. Bradleys will cost $1.2 million each in fiscal year 1989 constant dollars at a production rate of 600 per year. Issue of Bradley to roundout battalions has begun and is to finish in fiscal year 1995. We are considering options that could start putting Bradley into non-roundout battalions by the early 1990s. The completion date would depend on Bradley procurement.

M60

Senator THURMOND. What is the cost of upgrading the M60 in comparison?

General VUONO. The estimated weapons system cost for hardware and depot application, for upgrading an M60A3 to an M60A4 is $0.9M.

Senator THURMOND. Would the upgraded M60 retain its current associated equipment, and M113 family?

General VUONO. The Army does not want the upgraded M60A4. However, if it were adopted it would retain most of its current associated equipment. Some new maintenance and training equipment would be required. It would retain the M113 family of vehicles because the upgraded M60's capabilities would not be compatible with those of the Bradley.

Senator THURMOND. Can the older M1 tanks be made as survivable in armor protection as is required without exceeding weight limits?

General VUONO. The older M1 tank can be upgraded to the equivalent protection level of the M1A1 tank. This can be accomplished and still remain within the existing weight limitation.

Senator THURMOND. Will the National Guard M1 tanks retain the 105mm gun, or will it require a retrofit to the 120mm gun?

General VUONO. As envisioned now, the Reserve Component M1 tanks would retain the 105mm cannon. However, the option for conversion to 120mm is available and will be reviewed as the Army completes the A3 Modernization Plan.

Senator THURMOND. If a retrofit to the 120mm gun is necessary, what is the cost for the 3,857 tanks in the total NG fleet?

General VUONO. Within the Abrams tank fleet there are only 3,268 tanks that mount a 105mm cannon and are, therefore, candidates for conversion to a 120mm configuration. While no final determination has been made about the full suite of upgrades to be adopted, the schedule for such a program, or the ultimate distribution of these tanks, preliminary estimates indicate that to provide improved ballistic protection, add a nuclear, biological, and chemical overpressure and microclimate cooling system, and convert to the 120mm tank main armament system the total cost is $4.3 billion.

Senator THURMOND. Wouldn't it be more cost effective and timely to upgrade the M60A3 fleet, and then give the National Guard M1A1 tanks when the AFV is fielded?

General VUONO. M1 is in the hands of the Reserve Components now. We plan to continue giving it to them by providing two more battalions this year. We are studying the situation to determine how to continue providing M1 in the most cost effective way possible. In the long run, it is more cost effective to have a common tank family that is modern, capable and compatible with other modern systems. The M60A4 tank would leave us with a less capable tank at a high cost. It would have no growth potential and it would not be available until fiscal year 1994. To wait until the advent of AFV before giving the Reserve Components a truly modern main battle tank would be unwise.

QUESTIONS SUBMITTED BY SENATOR WILLIAM S. COHEN

SPECIAL OPERATIONS FORCES

Senator COHEN. General Vuono, how many MH-47E helicopters does the Army intend to procure in fiscal year 1989?

General VUONO. Five production airframes.

Senator COHEN. The 1987 DOD Authorization Act directed the establishment of a Major Force Program Category for special operations and placed responsibility for the overall supervision of that budget with the Special Forces Command and the Office of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict.

General Vuono, what steps have you taken to assist General Lindsay and Secretary Marsh in fulfilling their statutory responsibilities?

General VUONO. Senator Cohen, the Army is committed to Special Operations Forces (SOF) revitalization. There is a high sensitivity regarding SOF requirements among the Army's leadership. Enormous progress has been made in Army SOF. There have been significant increases in force structure (four units were activated since 1985 and a SF Group and SF Aviation Battalion will soon be activated) and dramatic improvements in readiness.

In the area of budget preparation and execution, the Army has taken five major actions to assist the ASD (SO/LIC) and the CINCSOCOM.

First, we have implemented Major Force Program 11 (Special Operations Forces) and identified all SOF procurement explicitly to provide greater visibility to Army SOF resources.

Second, we have assigned the Deputy Chief of Staff for Operations and Plans (DCSOPS) to function as the Program Director on the Army staff. In order to assist the DCSOPS, we have activated the U.S. Army Special Operations Staff Support Agency whose full time focus is on the support and resourcing of Army SOF.

Third, we have briefed the appropriate staffs and made them fully aware of the content and direction of Army SOF. We have formed the important day-to-day working relationships with those staffs.

Fourth, the ASD (SO/LIC) and the CINC were full participants in the development of the fiscal year 1988/1989 amendment budget submission. They were major partners in setting priorities and making resource decisions, especially those relating to the SOF aircraft modernization program for the development of the MH-60K and MH-47E. Several changes were required in order to conform to the fiscal year 1988 funding authorized and appropriated by Congress and to allay Congressional concerns regarding program concurrency.

Fifth, the classified Congressional Justification Book (CJB) for Special Operations Forces (SOF) was produced by the ASD (SO/LIC) with full participation from the Army staff for the Army section.

In summary, Special Operations Forces have been given high priority within the Army and we are working closely with the ASD (SO/LIC) and the CINC in our budget activities.

Senator COHEN. The 1987 DOD Authorization Act directed the establishment of a Major Force Program Category for special operations and placed responsibility for the overall supervision of that budget with the Special Operations Command and the Office of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict.

General Welch, what steps have you taken to assist General Lindsay and Secretary Marsh in fulfilling their statutory responsibilities?

General WELCH. In July 1987, the Air Force responded to Secretary of Defense guidance on the creation of Major Force Program 11 (MFP 11). Those items the Air Force identified and transferred to MFP 11 included management headquarters, all special operations-unique aircraft and equipment acquisition, and class V modification program for Air Force special operations aircraft.

The Air Force portion of MFP 11 is currently organized into program elements for ongoing operational activities for Active, Air Force Reserve, and Air National Guard forces; force enhancements; training; advanced special operations research and technology; and management headquarters. We believe the content and structure of the Air Force portion of MFP 11 gives the Assistant Secretary of Defense for Special Operations and Low-Intensity and the Commander-in-Chief, US Special Operations Command the necessary visibility on special operations programs to fulfill their statutory responsibilities in this area.

Senator COHEN. The 1987 DOD Authorization Act directed the establishment of a Major Force Program Category for special operations and placed responsibility for the overall supervision of that budget with the Special Operations Command and the Office of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict . . . Admiral Hardisty, what actions has the Navy taken to assist General Lindsay and Secretary Marsh in fulfilling their statutory responsibilities?

Admiral HARDISTY. The Navy is fully complying with DOD guidance on the control of Major Force Program (MFP) 11, as provided in a Deputy Secretary of Defense memorandum of September 29, 1987. Specific Navy actions include:

Inclusion of Navy budget resources supporting special operations in MFP 11.

Establishment of a single point of contact in the Office of Navy Program Planning for special operations matters.

Carefull consideration of USCINCSOC's Integrated Priority List in the development of Navy's fiscal year 1990-94 Program.

Provision of all requested information to ASD (SO/LIC) and USCINCSOC concerning the Navy POM, ongoing research and development projects and other special operations resource matters.

Navy staff participation in diverse USCINCSOS conferences related to special operations resource matters.

We believe that the Navy has successfully transitioned to MFP-11 and established an effective relationship with USCINCSOC and ASD (SO/LIC) which well serves special operations.

QUESTIONS SUBMITTED BY SENATOR DAN QUAYLE

AFATDS/LFATDS (LTACFIRE)

Senator QUAYLE. SASC has been under the impression that the Army has one Fire Support operational requirement for Light and Heavy Divisions. Is our assumption correct or does the Army have two operational requirements for Fire Support—that is, one for Light Divisions and one for Heavy Divisions?

General VUONO. The Army has only one operational requirement for Fire Support. That requirement is the basis for the development of the Army's Advanced Field Artillery Tactical Data System. The Army has no stated requirement for an interim system or a separate system for the light divisions. OTEA consulted light division artillery commanders and they confirmed that the objective fire support C2 system has the same requirements for both the light and heavy divisions.

Senator QUAYLE. Does the LTACFIRE (LFATDS) meet the requirements for the Light Divisions? If not, why not?

General VUONO. The operational requirements emphasize fire support command and control. LTACFIRE is only a field artillery control system. LTACFIRE will only perform 5 of the 27 fire support functions presently required. It is not fully compatible with follow-on systems. The Army will have to support a minimum of three automated systems if we field LTACFIRE. Even though there is no requirement for LTACFIRE it does provide an interim step in automating the light forces.

Senator QUAYLE. What is the earliest date LTACFIRE (LFATDS) can be ready for fielding?

General VUONO. The most recent LTACFIRE schedule, briefed on March 29, 1988, reflects the LTACFIRE system hardware and version 9 TACFIRE compatible software will be available from the contractor 16 months after contract award. The letter contract was awarded to Litton on March 7, 1988, so delivery should be forthcoming approximately July/August 1989.

LTACFIRE

Senator QUAYLE. Does the Army have an urgent operational requirement for LTACFIRE (LFATDS)?

General VUONO. The Army does not have an urgent operational requirement for LTACFIRE. The Army has only one operational requirement in this area, and that is for AFATDS.

AFATDS/LFATDS (LTACFIRE)

Senator QUAYLE. What testing has been done on LTACFIRE (LFATDS)? What were the results?

General VUONO. An Operational Test and Evaluation was conducted at the 9th ID (Motorized), a TACFIRE equipped unit. LTACFIRE did not pass testing and was never certified by Commander OTEA. The OTEA evaluation found that the system was neither operationally effective nor suitable for use as the objective fire support command and control system or as an interim solution. The ineffectiveness as an interim solution was based on the light division artillery commander assessment of their minimum requirements.

Senator QUAYLE. What deficiencies were identified in testing? How long will it take to correct these deficiencies? At what cost?

General VUONO. LTACFIRE is a field artillery control system. Since the LTACFIRE system was developed in response to a Quick Reaction Program (QRP) for the 9th ID (MTZ) and not for the whole Army the Commander, 9th ID (MTZ) is the certifying authority for how well LTACFIRE met the QRP. To date he has not certified the system as "Go to war". It was not designed to provide fire support command and control or perform fire support functions. It fully met only 4 out of 27, partially met 8 out of 27 and did not meet 15 out of 27 required functions. The Army has not addressed correcting any of these shortcomings and has accepted the 9th ID system as tested.

Senator QUAYLE. What is the Army's estimate of the total fielded cost based on the seven light divisions as a basis of issue for LTACFIRE (LFATDS) including support and peripheral equipment? Over what period of time? Is this cost currently in the Army's POM?

General VUONO. The total cost for the procurement and fielding of LTACFIRE system, as stated in the LTACFIRE Procurement Plan is estimated to be a minimum of $34.9 million. Of this amount $24.3 million will procure the LTACFIRE, and $9.6 million will be for support of the system from fiscal year 1989 through fiscal year 1994. It must be stressed that these were the estimates at the time of the Plan and since that time the Army has found other costs ($6M Software Post Development Software) which were not considered when the plan was developed. The Army did not plan to field LTACFIRE and has not programmed any funds for its development or procurement. Therefore, only the $24.3 million appropriated and subsequently authorized by Congress as reflected in the fiscal year 1986 Defense Appropriations Act is available.

LTACFIRE INTEROPERABILITY

Senator QUAYLE. What must be done to LTACFIRE (LFATDS) to make it interoperable with other Army systems?

General VUONO. While only AFATDS meets our operational requirements, the Army is fielding LTACFIRE as an interim system until AFATDS is fielded. The LTACFIRE system, although written in the C language, was designed to be interoperable with TACFIRE, written in TACPOL, for use in the 9th Infantry Division (Motorized). The Army must complete changes to the LTACFIRE software in order to remain fully compatible with the current fielded version of TACFIRE. Before LTACFIRE is fielded to the light divisions, additional software must be developed to keep pace with planned improvements to the TACFIRE software. LTACFIRE will interoperate with the Battery Computer System (BCS), the Fire Support Team Digital Message Device (FIST DMD), the Forward Entry Device (FED) and through TACFIRE will interoperate with AFATDS, when fielded. LTACFIRE is not designed to interoperate with any other node of ACCS.

AFATDS/LFATDS (TACFIRE)

Senator QUAYLE. Will the LTACFIRE (LFATDS) interoperate with the Heavy Divisions? With the Army Command and Control Systems?

General VUONO. Not until the Army completes the appropriate software changes in the LTACFIRE software will the LTACFIRE be compatible with the TACFIRE of the heavy divisions. The Army Command and Control Systems (ACCS) will be written in Ada language while LTACFIRE is written in "C" language.

Senator QUAYLE. Does the government own the LTACFIRE (LFATDS) data rights?

General VUONO. No. LTACFIRE data rights are owned by Litton and would have to be supported by Litton. It would not be cost effective for the government to pick up the software support task for an interim system that is not written in Ada. The rest of the Army Command and Control Systems are written in Ada.

Senator QUAYLE. How long does the Army plan to use LTACFIRE (LFATDS)?

General VUONO. As specified in the Army's LTACFIRE Procurement Plan the Army will field LTACFIRE and leave it in the field as a interim system until AFATDS is available for fielding in fiscal year 1992.

Senator QUAYLE. Is AFATDS being developed to satisfy both Light and Heavy Division Fire Support requirements?

General VUONO. AFATDS is the Army's fire support command and control system.

Senator QUAYLE. What interim capabilities are required, if any, between now and the planned AFATDS fielding date?

General VUONO. There are no interim capabilities required.

Senator QUAYLE. When could the Army Command and Control System's Common Hardware and Software (ACCS CHS) be introduced into the AFATDS programs?

General VUONO. As early as November 1988 (1Q89) when the first ACCS common hardware and software is available. However, no money can be provided to follow-on development until June/July of 1989 (after completion of CEP) unless the congressional language is lifted that prohibits giving any more money to Magnavox on any contract until they complete CEP which is now scheduled for April 1989.

Senator QUAYLE. How does the Army propose to configure the AFATDS system for development and fielding to the Army?

General VUONO. The AFATDS program is presently divided into three Blocks of software development. Block 1 will start from the software currently in the Concept Evaluation Phase and mature the software to a point that can be fielded to the light divisions. Block 2 will provide for the maturation of the software to provide the heavy divisions with a fielded capability. Then Block 3 will provide the final objective software for full capability for all divisions. With the present slip in the AFATDS schedule the Army is re-evaluating the program and will be reporting back to Congress approximately 15 April 1988.

Senator QUAYLE. How does the emerging increased emphasis on Post INF affect the AFATDS and ACC CHS programs?

General VUONO. The importance of timely fielding of conventional force improvements such as AFATDS and ACC CHS has increased. The INF Treaty highlights the growing reliance the United States and its NATO allies are placing on conventional forces to ensure deterrence. These two programs are essential to the capabilities and readiness needed in our conventional forces in view of the size and quality of the Warsaw Pact forces they face now and are projected to face in the future, as well as to effective deterrence worldwide.

HMMWV

Senator QUAYLE. The Army has now procured 42,000 HMMWV and authorized you to proceed with a new multiyear contract. Where are you on that multiyear? Are there still valid requirements for additional HMMWV?

General VUONO. Assuming that this multiyear remains affordable as we finalize the Program Objective Memorandum with OSD over the next few months, we expect to award a competitive contract late this year or early next year. We will advise the Congress if we conclude that the multiyear is unaffordable.

Concerning the requirements, the Army still has many less jeeps and other old vehicles that we would like to replace with HMMWV. We are ensuring that systems requiring HMMWV for their own fielding will have vehicles available on a priority basis. The affordability of replacing all over-age vehicles is under review.

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

PROGRAM COMPARISONS

Senator MCCAIN. Could each of you look back, and provide a statement for the record of how your current fiscal year 1989 program compares with the one projected in the fiscal year 1984-89 FYDP, and of the major cuts you had to make in your program as a result of the cuts in defense spending?

ARMY

General VUONO. The fiscal year 1989 portion of the Amended fiscal year 1988/89 Biennial Budget currently before you differs drastically from the program originally projected in the fiscal year 1984-89 Five Year Defense Plan. At first glance, it appears to be $32 billion less than anticipated. However, the Army has been given responsibilities not programmed for in that FYDP. Programs such as CHAMPUS, Retired Pay Accrual, Environmental Restoration, FCFA, and civilian and military pay raises did not have to be accommodated. When these new requirements are accounted for, the Army has $41 billion less in its fiscal year 1989 program today than it had in 1983.

No organization can absorb a cut of that magnitude without drastic measures. We have sustained an 8,600 cut to our Active Army end strength; cut 36,569 civilians and members of the Reserve Components; scaled back our family, training, and education programs, which are so important to the Quality of Life of our soldiers and their families. We have also slowed BMAR, allowed our depot maintenance to grow, and deferred opening additional Primus medical clinics.

While we have not abandoned our commitment to force modernization, we have been forced to terminate or defer many programs critical to the Army of the future: Aquila RPV, 120 mortar, and the Copperhead I have been terminated; while the LHX, AFV, AAWS-H and FAAD C2 have been deferred.

No. The Army does not plan to further reduce its force structure.

MARINE CORPS

General GRAY. The fiscal year 1989 program, as it appeared in the fiscal year 1985-fiscal year 1989 FYDP, was developed in 1983. Viewed from that distance, the program could not be a precise description of how it would be configured, 5 years later, in the President's budget submission for fiscal year 1989. My response, therefore, is limited to a general account of how things turned out versus what we could have done if the funding levels of the fiscal year 1985-fiscal year 1989 FYDP had remained intact.

The fiscal year 1985-fiscal year 1989 FYDP stated a gross requirement of $11.6 billion for fiscal year 1989. The fiscal year 1989 budget you are considering is for only $9.2 billion. This 21 percent cut is not evenly distributed, however. In 1983 we allowed $3.6 billion for manpower costs in fiscal year 1989. Our actual costs will be $5.4 billion. For all other appropriations—procurement, operations and maintenance, construction, family housing, and the stock fund—the current fiscal year 1989 program is less than 50 percent of what we viewed as our needs in 1983.

The result has been a slowdown in our investment in modernization. For example, we originally planned to replace our 716 M60A1 tanks with 560 M1A1 tanks, and to complete procurement by fiscal year 1993. We now can afford only 397 M1A1 tanks, and will not buy our last new tank until fiscal year 1996. Military construction has been cut back to the extent that we can no longer reduce our $3 billion backlog in facilities requirements. At best we can replace only enough of our $12.3 billion physical plant to keep the backlog from getting worse.

The most significant effect, however, is the loss of Marines that accompanies the budget cuts. Our end strength in fiscal year 1989 has been reduced by 2900. This is the equivalent of three active infantry battalions. We cannot afford to man our infantry battalions at lower levels than they are already manned. On the contrary, we are going to man our fighting units at or near 100 percent so they can train better. Hence, the manpower cut translates into three infantry battalions—11 percent of our infantry structure—having to be put in a cadre status. No one can interpret this action as eliminating fat from defense. Clearly, we are cutting away muscle.

AIR FORCE

General **Welch**. The FYDP in fiscal year 1984 spanned the 5 years from fiscal year 1984 to fiscal year 1988; in fiscal year 1985, detail for fiscal year 1989 was added. As projected in fiscal year 1985, fiscal year 1989 totaled $136.4B compared to $97.5B—in the fiscal year 1989 amended President's budget currently before the Congress—or a $38.9B reduction. Approximately 68 percent of this reduction was from the procurement appropriations. By mission area, the major reductions were in tactical air warfare ($17.0B or 44 percent), strategic ($10.5B or 27 percent) and centrally managed support ($6.3B or 16 percent). Example procurement reductions includes the following:

[Dollars in billions/quantity]

Weapon system	Fiscal Year 1989 col Fiscal Year 1985 PB	Fiscal Year 1989 col Fiscal Year 1988/89 PB(A)	Delta
Tactical:			
F-15E	4.8/96	2.0/36	2.8/60
F-16	6.6/216	4.1/180	2.5/36
Strategic:			
Peacekeeper	9.8/18	8.4/12	1.4/6
ASAT	0.4/22	0/0	0.4/22
Centrally managed aircraft spares	8.7	3.1	5.6
Various aircraft mods	4.6	2.1	2.5

FISCAL YEAR 1989-94 FYDP CUTS

Senator **McCain**. I realize that you may not have finished your revision of the fiscal year 1989-94 FYDP, but could you provide a statement for the record of the major cuts you will have to make in manpower, procurement, O&M, readiness, and sustainability, and summarize the potential impact on mission and warfighting capability?

ARMY

General **Vuono**. As we near completion of the development of a new Army Five Year Program proposal, it is clear that severe reductions have been necessary to comply with growing resource constraints. Operations and Maintenance appropriations, which have been protected in past program reductions have now been subjected to cuts. All Major Commands were required to decrement their prior five year program as they developed fiscal year 1990-94 plans. All new starts in fiscal year 1990-91 were either delayed or terminated. Program kills, early terminations, and reductions in funding for BASOPS and Construction accounts were deemed necessary. Growth in Reserve Component strength levels has been dramatically slowed. Planned civilian strength levels have been reduced. Fiscal constraints have produced an Army Five Year Program which has $88 billion less than earlier plans provided.

MARINE CORPS

General **Gray**. In 1989 we are reducing end strength from our previously programmed strength of 200,100 to 197,200—a loss of 2900 Marines. In our fiscal year 1990–fiscal year 1994 FYDP we maintain a force of 197,200 Marines which, by 1994, will be 5,700 fewer Marines than we had planned for in the current fiscal year 1988–fiscal year 1992 FYDP.

Budget cuts hit investment (Procurement, Marine Corps (PMC)) especially hard. This is because manpower costs make up over 70 percent of our program. Operations and maintenance consumes another 18 percent. Investment must be accommodated by the remaining 16 percent of our budget which has to absorb most of the cuts. Hence, investment suffers disproportionately. The fiscal year 1989 budget before you has 23 percent fewer investment dollars than we had in fiscal year 1987. Because of this, we have delayed our air defense and armor modernization plans. Another troubling result is that we cannot take advantage of new communications technology and switch from analog to digital systems as quickly as we had planned. Hence, our command, control, and intelligence systems are less effective than they could be with available technology.

Scarce investment dollars also degrade sustainability. Ammunition is the best example. We will actually consume some of the war reserve stocks we have built up over the past seven years and, therefore, will not attain defense guidance goals by 1994 as anticipated in our previous program. Likewise, we will not attain our acquisition objectives of many principle equipment end items as soon as planned. In some cases, we will not reach our objectives at all. The result is that many of our war reserve requirements will remain unfilled.

The operations and maintenance appropriation funds our training, keeps the lights on, and pays for other day-to-day functions. We saw a requirement for about $2.2 to $2.4 billion per year in the previous FYDP. The range in the fiscal year 1990-fiscal year 1994 FYDP is $1.7 to $2.0 billion. These cuts will reduce our training opportunities; increase our backlog of real property maintenance from $520 million to $600 million; increase the backlog of depot maintenance from $38 million to $155 million; and reduce the number and scope of our exercises.

We intend to maintain our readiness. As the nation's dedicated expeditionary force, we think it imperative to spend what is needed to be ready to respond to the Nation's needs on moment's notice. We are ready to go today, without mobilization, and are committed to maintaining this condition throughout the FYDP and beyond.

I have serious reservations about the adequacy of some Marine Corps aviation modernization programs during this period and am likewise concerned about the amphibious shipbuilding program. Investment in aviation procurement (APN) and shipbuilding and conversion (SCN) could jeopardize aviation and amphibious ship programs of vital importance to your Marine Corps. The AV-8B provides the Marine on the ground the close air support he needs to compensate for the lightness of our flexible, expeditionary forces. The MV–22 and the CH–53E are key to our air assault and over-the-horizon amphibious assault missions. The programs have been modified to the degree they may only marginally respond to our critical needs.

Amphibious shipbuilding toward the objective of a MEB and MEF (assault echelon) lift must stay on track. Should the current program be delayed, block obsolescence of the ships we have now will compound current deficiencies making it much harder to attain and maintain minimum lift requirements in the future.

In summary, the impact of the cuts over the fiscal year 1990–fiscal year 1994 FYDP will be to reduce our investment programs and impede modernization. Also, we will consume some of our prepositioned war reserve stocks, and quality of life programs will suffer. The most significant impact of Marine Corps budget cuts on our warfighting capability is the loss of three active infantry battalions to cadre status. Other budget cuts could have equally serious consequences. The aviation and amphibious ship programs (in Navy appropriations) provide Marines with the essential tools of their trade. They are vital to the well-being of your Marine Corps. I fear the budget cuts jeopardize these programs.

AIR FORCE

General **Welch**. The reduction in fiscal guidance authority has forced the Air Force to tough decisions and significant reductions in manpower and force structure, in the fiscal year 1990–94 Program.

The fiscal year 1989 President's Budget has reduced military end strength by 23,100 below the amount authorized by fiscal year 1988. Civilian end strength has been reduced by 1,361.

Major reductions in procurement programs include terminating 20 programs and slowing or deferring key modernization and force structure programs that support the warfighting commanders.

Our fiscal year 1989 Budget request will enable us to maintain adequate peacetime spare parts stocks and equipment inventories: continue necessary aircraft modifications; improve the responsiveness of the industrial base; improve our air base operability; increase our inventory of modern munitions; and continue training in realistic combat scenarios. It does not, however, include any funding of war reserve spares to reduce existing sustainability shortfalls.

Given the constraints in the fiscal year 1989 President's Budget we will continue in fiscal years 1990–94 the necessary balance between our four pillars of readiness, sustainability, modernization, and force structure.

Our global responsibilities for security continue even though budget reductions have forced us to significantly reduce our force structure. The changes required in fiscal years 1989–94 will increase the near-term and long-term risks associated with implementing our national security policy beyond the level the President, SECDEF, the service Secretaries, and military chiefs believe prudent.

NET ASSESSMENT

Senator McCain. Could you provide a statement for the record of how our defense program compares to those of threat forces, and of the trend you currently project in relative capability?

ARMY

General Vuono. Of course, I can address only the Army portion of our defense program, and compare it to the threat which the Army would face in land combat. I will concentrate on the European NATO theater, our first out-of-homeland priority which continues to be the area of highest risk. The overall military balance has tended to shift to the advantage of the U.S.S.R. and its Warsaw Pact allies in the past 20 years. In Europe today, the balance in tanks and artillery—the raw material for offensive ground operations of the type exemplified in the Soviet Theater Strategic Offensive—is unfavorable and deteriorating.

Defense production is one of the principal sources of this quantitative imbalance. The Warsaw Pact produces [deleted] new tanks and modernizes [deleted] older tanks each year. The military net assessment conducted last Spring pointed out that the Warsaw Pact enjoys nearly a 3:1 advantage over NATO in tanks, more than a 3:1 advantage in artillery, and nearly a 2:1 advantage in division equivalents, assuming full reinforcement in both alliances. Even as the Soviet leadership professes the need for economic restructuring and a new military doctrine of "reasonable sufficiency," the Soviet defense spending and equipment production trends we see suggest that they are committed to maintaining these quantitative advantages.

In the past, one U.S. approach to countering Warsaw Pact numerical superiority has been to field qualitatively superior forces of our own, concentrating resources to produce technologically superior equipment. Recent studies indicate, however, that the U.S.S.R. has improved the quality of its ground systems and that they are matching us in many qualitative aspects. As we and our NATO allies place a greater reliance on conventional forces for deterrence and defense, it is clear we must ensure that our best fielded capability convincingly overmatches the threat, now and in the future.

The Army's investment strategy is to continue modernization of equipment and systems for the interrelated close, deep, and rear operations; and to continue to invest in research and development to exploit high-leverage advanced technologies. In close operations, we must ensure that our tactical forces are capable of achieving a clear tactical advantage. In deep operations, we are developing and fielding the capability to enable our forces to attack at depth those enemy forces and means that are critical to their success. Together, these capabilities will successfully deny the Warsaw Pact the capability to achieve its theater strategic objectives.

Overall, most indicators of the balance favor the threat, but not enough to give current Soviet leaders high confidence in their ability to succeed in a theater strategic offensive. The Army's portion of the defense program, by improving our capability to defend against a Warsaw Pact attack, is designed to enhance the warfighting and deterrent value of our conventional forces.

MARINE CORPS

General **Gray**. To be sure, our defense program has aspects superior to all others. However, other systems enjoy benefits as well. For example, the Soviet system builds to the threat with less concern for rapidly changing influences, that is to say, they take a longer term approach, with less change due to transitory factors. I would also say their cost benefit analysis, or equivalent process, is set to a different threshold which allows them to bolster the military on a continuous basis to greater detriment of the citizenry, without backlash, then in many other systems.

In the Third World, defense programs are driven by a wider variety of stimuli: From dictatorial whims; to regional historical conflicts; to cultural, religious, and narco-terrorist inspired actions. In general, these defense programs are on a much smaller scale but can be of such fanatical intensity as to present very grave threats to U.S. forces even in the lowest levels of conflict. This is due to the relative ease of obtaining high technology weapons.

I foresee only incremental shifts in the relative capabilities with the exception of militaries of underdeveloped countries in which small advances equate to qualitive improvements in capability. Even in these instances, the relative capability vis-a-vis the U.S. capability will not shift significantly.

AIR FORCE

General **Welch**. The Soviet defense program can be characterized as a steady, consistent, and growing program resulting in a large and increasingly modern force. During the last 20 years, the Soviets have invested $500B more in defense than the U.S. and Soviet defense expenditures show an annual real growth rate of two percent. U.S. defense expenditures, while roughly matching Soviet expenditures in 1985, have not been as steady or predictable. The immediate future of U.S. defense expenditure levels is not clear. In fiscal year 1989, the amended budget provides $33B less than proposed, and we have experienced negative growth in the DOD budget in the last four submissions. If this recent trend of negative real growth continues, our capability to execute our military strategy to support national security objectives will decrease significantly. [Deleted.] Our Air Force's superior technology and readiness, areas in which the Soviets have historically lagged, provide leverage for the U.S. in the conventional arena. It should be noted the assessment assumed a three percent annual growth in the DOD budget over the FYDP. If this three percent real growth is not realized, these conclusions must be seen as optimistic, and our capability to support national strategy will decrease.

MISSION CAPABILITY

Senator **McCain**. Could you provide a statement of the major risks this budget imposes in terms of your ability to carry out key missions?

ARMY

General **Vuono**. Senator, all of the global missions for Army forces can still be carried out in the face of the reduced budget, however, there is increased risk associated with the materiel and personnel cuts the Army had to sustain. The Army's ability to provide forces to regional CINCs capable of defeating a Warsaw Pact attack against NATO, or defeating Soviet aggression in the Pacific or Southwest Asia, and capable of supporting regional allies and friends in Asia, Latin America and Africa, is somewhat diminished by the forced reduction in materiel maintenance, sustainability, and personnel.

Our budget can now fund only 71 percent of required depot maintenance for major end items of equipment. This maintenance shortfall Armywide will reduce the combat readiness of both forward-deployed and CONUS-based units.

The risk of reduced materiel readiness is compounded by a reduced growth in our ability to sustain operations beyond several weeks in some instances. This contributes to a reliance on nuclear weapons to fulfill strategic objectives—a reliance fraught with risk.

This budget further delays the growth of guard and reserve positions which are necessary to promote unit readiness and effective mobilization capabilities.

Lastly, the elimination of an active brigade and two light infantry battalions from an Army already too small for the risk associated with the many missions it's been given, further increases the risk of failure our Army and strategy of deterrence must bear.

MARINE CORPS

General **Gray**. This fiscal year 1989 budget imposes no major risks on the Marine Corps' ability to carry out key missions. This can be stated because readiness and current capability were protected at the expense of investment in modernization.

AIR FORCE

General **Welch**. We have continued to improve critical strategic and tactical systems and have raised both our deterrent and warfighting capabilities in these areas to new levels, even in light of the expanding Soviet threat. However, fiscal constraints have driven us to reduce the size and slow the modernization of our tactical air forces, to significantly alter our plans to diversify our survivable ICBM forces, and to severely limit our space control assets. These fiscal constraints will force the United States to accept increased risk in executing military strategy in support of national security objectives, compared to the capability planned under the original President's Budget.

FORCE STRUCTURE CUTS

Senator **McCain**. What risks, if any, does this budget and the fiscal year 1989-94 FYDP impose in terms of cuts in our future force structure?

ARMY

General **Vuono**. This budget has caused us to reduce the active component of the Army by one three battalion brigade and two battalions. Such a reduction increases the risk faced by the United States, and our Allies, as we reduce the forces available for employment and increase the time required for full mobilization. Notwithstanding the increased dependence upon conventional forces dictated by such actions as the INF Treaty, we recognize the need to balance conventional force deterrent capability with fiscal realities. The risk generated by this reduction will continue through the fiscal year 1989-94 FYDP years. We foresee no further force reductions unless there are changes in the amount of defense appropriations. A reduction in these appropriations will require the Army to reevaluate current programs in order to mitigate against the impact of such reductions; force structure reductions, and the increased risk they engender, remain an alternative.

MARINE CORPS

General **Gray**. We will have to put three of our 27 infantry battalions in a cadre status. We can buy only 397 M1A1 tanks—or 71 percent of our true requirement—and must spread the purchase over three additional years.

In aviation, if we cannot procure adequate numbers of AV-8B attack aircraft we will not be able to maintain the eight 20 plane squadrons needed to adequately support our ground combat element. Similarly, we face an alarming void in our medium assault support capability if the MV-22 tilt-rotor aircraft cannot be procured fast enough and in numbers adequate to replace the CH-46 helicopter which is more than twenty years old.

The fiscal year 1990-fiscal year 1994 FYDP imposes risks on the Navy's shipbuilding program. The Marine Corps is especially interested in amphibious ships. The shipbuilding and service life extension plan stated in the *Department of the Navy Long Term Amphibious Lift Requirement and Optimum Ship Mix Study Validation of 1987* is the minimum cost program to attain lift requirement objectives (assault elements of a MEF and a MEB) and maintain them once attained. This minimum plan will be difficult to support within the funding levels anticipated over the FYDP.

AIR FORCE

General **Welch**. While we continue to modernize and improve our force structure, the most recent fiscal constraints have forced harder decisions regarding the size and composition of our forces. The need to field modern, capable and cost-effective forces in both the strategic and conventional arenas has resulted in reducing the scope of the near-term Small ICBM program, reducing tactical figher procurement, cancelling ASAT and slowing the acquisition of our OTH-B radars and other important programs. The programs marked for cancellations or curtailments are good programs, they just do not provide the best balance in capability for the available funding. The fighter force has been reduced by 5 wings below the long standing 40 wing goal. If the Small ICBM is not fielded, our ICBM force would be reduced by 500 highly accurate warheads. As the capability of our potential adversaries continues to grow significantly while our own growth rate slows, we must carefully weigh potential consequences. Our ability to successfully execute our military strategy in support of national security objectives becomes more difficult. In an increasingly dangerous and multipolar world, we are faced with assuming more risk at a time when there is less margin for error.

FORCE STRUCTURE-MISSION CAPABILITY-BUDGET ISSUES

Senator McCAIN. How important is the rise in real defense spending called for in the FYDP to avoid further reductions in force structure, or serious reductions in mission capability?

ARMY

General VUONO. The current growth levels called for in the FYDP will continue only essential improvements in readiness, provide for limited improvements in force sustainability, continue modernization, though at a reduced level, and support a flexible and responsive force structure. The fragile balance the Army has achieved in these areas during this period of declining resources is a result of many adjustments and some tough decisions. As a result of such actions as the INF Treaty conventional forces have increased importance for deterrence. Reduced defense spending, which could possibly result in reduced force structure, would further increase risk to our national security.

MARINE CORPS

General GRAY. It is essential. For now, we have made a commitment to readiness which favors consumption over investment. This practice cannot continue indefinitely without troubling consequences. We consume our reserve stocks faster than we can replace them. Our physical plant deteriorates faster than we can fix or replace it. The quality of life for Marines and their families begins to erode. Eventually, not only your Marines, but also your sailors, soldiers, and airmen sense that the national leadership and the country do not appreciate their service and sacrifice. We've seen the devastating effects of this perception as recently as the late 1970's. It would be folly, and dangerous, to let it happen again.

The 2 percent real growth will slowly reverse the current trend. It will allow us to maintain readiness and, at the same time, protect previous investments. We could even start trimming some of our maintenance and facilities backlog. But most importantly, it will signal this Nation's servicemen and servicewomen that their civilian leaders are committed to providing them the tools and training they need to do their jobs, and the standard of living they deserve. In other words, that the nation and its leaders appreciate their sacrifices.

Our program reflects real budget reductions from fiscal year 1987 through fiscal year 1991. Four consecutive years of decline is enough. Further budget cuts would invite the adverse effects I've mentioned. Yes, some real growth is needed. Two percent growth is less than we could use, but is far better than the present situation.

AIR FORCE

General WELCH. Fiscal constraints beyond the modest real growth envisioned for the FYDP would necessitate a number of painful changes. The Air Force would make adjustments to minimize the reductions in our current and future combat capability, while maintaining a reasonable balance among the four pillars. Modernization is a necessity to meet the constantly evolving threat and must be done in an efficient, cost effective manner. We will program only that force structure that we can keep mission capable and sustainable. Consequently, in keeping a proper balance in face of reductions, we would be forced into a less aggressive, and possibly less efficient, modernization effort and a reduction in force structure. This would erode further our qualitative edge and reverse positive trends toward risk reduction relative to the projected threat.

BUDGET PRIORITIZATION/TRADEOFFS TO PRESERVE READINESS

Senator McCAIN. Could you provide a statement for the record of the major tradeoffs you have had to make to preserve your readiness in fiscal year 1989, and of the problems this will impose in terms of procurement, sustainability, O&M backlogs?

ARMY

General **Vuono**. We protected the most essential components of readiness-force quality and unit training. Overall requirements among the pillars of defense and across time still required us to underfund other components of readiness such as individual training, maintenance of materiel and facilities, base operations—primarily civilian workyears—and construction projects.

Other tradeoffs included a slowdown in our planned build-up of munitions, war reserve, and POMCUS stocks and an increase in our backlog of facilities maintenance and repair. We also killed or reduced several modernization programs with least warfighting value. Our research and development program is not as robust as it needs to be to protect our technological advantage.

The problem created by these tradeoffs is that fewer resources buy considerably less defense and create far greater risk, now and in the future. The seriousness of that problem depends on how long resources are constrained without real growth. Our deterrence fails, is perishable and will erode quickly if not adequately resourced.

MARINE CORPS

General **Gray**. To preserve our readiness in the face of fiscal year 1989 budget cuts we have sacrificed on several fronts. Three of our 27 infantry battalions will be placed in a cadre status. This is roughly the equivalent of the end strength reduction of 2,900 we have had to absorb to stay within budget.

We have slowed down procurement of the M1A1 tank and will be buying only 14 tanks in fiscal year 1989 rather than the 66 we had planned for in our fiscal year 1988-fiscal year 1992 FYDP. Unfortunately, we will be unable to fully exploit the fruits of the productive communications-electronics research and development program of the past 7 years. Many new, remarkably capable systems are now ready for purchase. We just do not have the funds to buy them. And, in ammunition alone we cut $178 million from the original program developed to respond to warfighting sustainability needs.

Operations and maintenance funds will not be sufficient to allow training at the same level as last year, or to prevent growth in maintenance backlogs. The real property maintenance backlog will increase by about $71 million to a total of $397 million. The depot maintenance backlog will grow to $38 million. We had hoped to reduce it to $10 million this year.

AIR FORCE

General **Welch**. As your question correctly points out, we have had to make difficult choices in the areas of force structure, sustainability, and modernization to preserve the readiness of our forces. Programs such as Small ICBM, F-15E, SRAM II, ASAT, OTH-B, fighter force structure size, AMRAAM, IIR Maverick, AGM-130, sensored fused weapon, RF-4C, AWACS upgrades, Milstar, WWABNCP replacement, aircraft spares, depot maintenance, and Class IV modifications have all been altered to meet fiscal constraints and maintain a balanced combat capability across our forces. [Deleted.] Slower production rates drive up unit cost, and force us to keep more of our older, less maintainable and less capable systems in our inventory. The fighter force has been reduced by five wings below the long standing 40 wing goal. [Deleted.] Unfunded requirements for programmed depot maintenance result in maintenance backlogs (O&M backlogs) which reduce the number of mission ready aircraft available to our supported CINCs. Currently we have prioritized the repair of mission critical components, airframes and engines for our most modern fighters. This has resulted in fewer available peacetime assets and stretched the repair time of depot-repaired war readiness materials (WRM). Operational units must use their WRM spares to maintain peacetime readiness, resulting in fewer spares readily available for combat operations.

MAJOR SHORTFALLS

Senator **McCain**. Could you provide a statement for the record showing what you would have to spend in fiscal year 1989, and during fiscal years 1989-94, to be able to fully perform your mission and to correct the major shortfalls you now have to accept as a result of current budget cuts?

ARMY

General VUONO. Correction of the most immediate fiscal year 1989 shortfalls, needed to avoid increased risk, will require about $2 billion, which will be used primarily to restore decremented programs. However, programs which reduce risk in the post-INF environment by improving conventional land forces and fully funding the needs identified by the CINCs will require more in fiscal year 1989 and in the outyears.

Our fiscal years 1990–94 program guidance is far less in real terms than the guidance that produced the fiscal year 1988–89 Budget. The program which we developed with that guidance continues to protect essential readiness but at the expense of continuing to underfund materiel and facility maintenance (backlogs continue to grow), construction, sustainability, and modernization. Restoral of $2 billion to the fiscal year 1989 Amended Budget and annual real growth from that base on the order of 3 percent would help correct the most essential shortfalls and help keep pace with the threat.

MARINE CORPS

General GRAY. For fiscal year 1989 our requirements were well represented in the 2-year budget that appeared in the Department of Defense fiscal years 1988–92 program. The amended budget submission now before you reduced those original funding levels by about 10 percent.

For the fiscal years 1990–94 program, I hesitate to state what we would have to spend to correct the shortfalls imposed by current budget cuts. Over the past 9 months, we built the program within the budget constraints assigned the Marine Corps. During that time our focus was on getting the most we could from the limited resources. Nevertheless, in working through that deliberate, arduous process, it became apparent that we are underinvested in our ground and aviation modernization programs by about 1 billion dollars per year and that reduction in end strength would reduce our warfighting structure.

AIR FORCE

General WELCH. The Air Force program as reflected in the President's budget prepared in 1988 was crafted to provide, in conjunction with the other Services and with a manageable degree of risk, sufficient force structure and capabilities to accomplish those Air Force tasks dictated by our national military strategy as executed by the operational commands. It projected a reasonable rate of growth to accommodate corresponding growth in the threat and addresss shortfalls in capability. The reductions in fiscal year 1989 and projected for fiscal year 1990 and beyond incease the risk to well beyond the levels the nation should bear. We need at least the levels projected in the fiscal year 1988 planning to maintain a reasonable risk posture.

[Whereupon, at 4:45 p.m., the committee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1989

THURSDAY, MARCH 17, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

THE FIVE-YEAR DEFENSE PLAN

The committee met, in open session, pursuant to notice, at 3:08 p.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Present: Senators Nunn, Exon, Shelby, Warner, Quayle, and Wilson.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Robert E. Bayer, Judith A. Freedman, John J. Hamre, Ronald P. Kelly, James R. Locher III, David S. Lyles, Mark B. Robinson, Ann Elise Sauer, and Patricia L. Watson, professional staff members; Lucia M. Chavez, Cindy Pearson, and Mickie Jan Wise, staff assistants.

Also present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Terrence M. Lynch, assistant to Senator Shelby; William J. Wight, assistant to Senator Warner; Christopher Mellon, assistant to Senator Cohen; and Mark J. Albrecht, assistant to Senator Wilson.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will go into open session now and hold another hearing in our series on budget issues in the amended fiscal year 1989 Defense authorization by receiving testimony from Deputy Secretary of Defense Taft.

Deputy Secretary Taft, we have a number of fundamental questions we will be addressing with you today. As I have said before, I think the amended fiscal year 1989 budget request is a good first step, but the rest of the journey is going to be very difficult, going from the 5-year defense plan that was used last year to the new 5-year defense plan which we are struggling with now and adjusting the numbers downward as agreed to last year for 2 years by the President and the Congress and as now proposed for the other 3–4 years by the administration.

Let me state that Secretary Carlucci, Deputy Secretary Taft and DOD Comptroller Bob Helms were able to build a good budget this year because they started with an excellent foundation of the biennial budget process implemented last year.

I want to give former Secretary Weinberger credit for taking this initiative very seriously. The Department could never have conducted in 8 weeks such a comprehensive review and revision to the fiscal year 1989 request, in my opinion, as well as provided all the justification material had they not had the biennial budget to work with as a starting point.

We have a number of questions, Mr. Secretary, but we will get to those after we hear from you today. We are glad to have you here and welcome you.

I would like to insert in the record the prepared statement of Senator Dixon.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, today we are pleased to welcome William H. Taft IV, the Deputy Secretary of Defense. Mr. Taft is a key player in the defense budget process, and should be quite knowledgeable on the impacts of the projected budget reductions on the fiscal year 1989 and out year defense budgets.

This committee has heard testimony from the CINCs, service Secretaries and the Joint Chiefs of Staff. They have each stressed that a balance approach was taken to reduce the fiscal year 1989 budget and feel that they can accomplish their assigned missions with the resources they currently have. However, they all warn against the impact on the readiness of our forces if future cuts of this magnitude are imposed.

The Departments of Defense and the Individual Services have a difficult job ahead of them. The years of rapid defense growth have ended. Tough decisions have to be made, not just to postpone or stretchout programs, but to cancel weapon system procurements. The Secretary of Defense and his management team must exercise innovative leadership in developing a balanced program for the future. They must assure the continued high state of force readiness, while using every practical means to reduce costs and develop and acquire systems more efficiently and effectively. These are difficult, but not impossible tasks. I look forward to Mr. Taft's statement and testimony today.

Thank you, Mr. Chairman.

Senator NUNN. Would you please proceed, Secretary Taft.

STATEMENT OF WILLIAM H. TAFT IV, DEPUTY SECRETARY OF DEFENSE

Mr. TAFT. Thank you, Mr. Chairman. It is a pleasure for me to be here and to appear before you.

I know that you have heard from Secretary Carlucci on the budget as a whole, and he submitted a rather lengthy statement to you. I do not intend to repeat any of that here, although I am prepared, of course, to elaborate on any points that are in it which you might care to discuss with me.

I have also prepared a statement which is more specifically addressed to the questions that were in your letter of invitation, and I would ask, if I could, that that be included in the record.

I think probably in view of the hour that I should just summarize that very quickly, if I may.

Chairman NUNN. Your entire statement will be in the record, and we do have a number of questions. So we will review it in great detail, but it will all be in the record.

Mr. TAFT. Very good, Mr. Chairman.

I would say at the outset before I get to your questions that I completely share the view that you have stated of the value of the biennial budget that we prepared in 1987 for the 1988-89 fiscal year. It was indeed absolutely vital that we have that base to approach the assignment that we had to complete in 8 short weeks. I, for one, am very glad that we put in the time that we did in 1987 to do that 1989 column so that we could start from a sound base.

My only regret is that the value of the biennial budget its first time out was not realized in its being enacted as a biennial budget. But, when we had to change it radically we at least had a good base from which to start.

I hope that as we go forward we will be able to realize the objective of this committee, of you, Mr. Chairman, and of the legislation that you have sponsored to put the Defense Department on the biennial basis for budgeting. This objective has been fully shared by the Department and by both the Secretaries under whom I have served and will provide a sound approach to our programming and stability in our defense commitments.

Having said that, let me quickly just summarize my responses to your questions, and we can go into them in more detail.

The first question of your letter, Mr. Chairman, related to whether we had altered our military strategy as a result of having to accommodate the lower budget levels agreed to in the budget summit.

The short answer to that is that we did not alter our strategy. We did not perceive in the discussions leading up to the budget summit any desire on the part of the Congress that we should alter our strategy. We do not believe that this is something the American people want.

The alliances that we have built, the threat that we face, the approach that we have taken to those threats over the years are things that we believe in, and we did not make any adjustment in them.

What we did instead was to essentially reduce our capability to respond to some of these threats that we face. We have increased the risks that we will be able to deter and achieve our objectives in the military sphere by reducing our force structure, by foregoing some modernization, and other things of that kind. These increase the risk in the military equation to us, but we have not made any significant adjustment in our strategy worldwide for national security. That remains as it has been.

The second question related to what out-year savings there are from the fiscal year 1989 budget. As printed by us, these are principally evident in the programs that we have terminated or deferred and in force structure reductions.

The programs that we have terminated pay us only about $4.8 billion in fiscal year 1989, but they will add up to about $46.9 billion in the future. Not all of that in the FYDP; some of it is beyond the 5 years.

Force structure reductions gave us $2.5 billion in fiscal year 1989 and $11.7 billion in the out-years.

With relation to the very near term, looking at 1990 and 1991 to give you a feel of where I think we are, we probably had about a $50 to $60 billion problem in 1990 to bring what had been our FYDP down to where we now project our budget will come in.

Of that figure, I would say that what we have done in 1989 has probably told us where we would get a little more than half of it.

In other words, a good, big step of that has been essentially done and is in the bank.

Chairman NUNN. For next year?

Mr. TAFT. For 1990, and that would probably be true as to our problem in 1991 as well, looking at the 2-year budget that we will submit.

Senator WARNER. Are you giving figures for the antecedent of that?

Mr. TAFT. What we have done in 1989 is to take $33 billion out of our budget. The implications are that that would probably pay us perhaps $25 plus billion in 1990 and 1991. These are not precise figures.

Some of the programs pay you more in year two after they are terminated, for instance, because you have costs of closing down. Force structure tends to pay you more.

Some of them pay you less because you might not have funded them out there or you might have terminated them early when you had been planning to terminate them a year later anyway, so you get nothing in the out-years.

But those are rough figures. What this tells me is that we still have some work to do, some very difficult decisions to make in the course of the next several months as we prepare the 1990 and 1991 budgets. But it also says that a very significant amount of that work has been done.

Chairman NUNN. May I ask you that question in another way so we can compare apples and apples here?

OUT-YEAR SAVINGS

Comptroller General Bowsher testified on Monday that the out-year savings associated with the fiscal year 1989 reductions are about $50 billion.

Now, he made his analysis less than firm. He was saying he had to wait until he saw more figures from the Defense Department. So I am not suggesting that he was adamant about these numbers. He indicated he wanted to reserve judgment on some of them.

He said that that was about 20 percent of the $250 billion that has to be cut. In other words, he estimated over the 5-year defense plan, there was going to have to be another $200 to $250 billion cut.

Could you give us your reaction to that so we will have a comparison?

Mr. TAFT. I would say that over the 5-year period, if that is what he is talking about, I think we have gotten more than that.

Chairman NUNN. More than $50 billion?

Mr. TAFT. Yes. I would say we have gotten $50 billion out of the next 2 years and more in years 3 and 4.

Chairman NUNN. You might be talking about twice as much over the 5 years?

Mr. TAFT. Another $50 or $60 billion.

I have out of the terminated programs, as I said, almost $47 billion in the out-years. Not much of that is beyond the fifth year; some but not much. That is just the terminated programs. We would also have force structure reductions and so forth.

Chairman NUNN. What would be your 5-year estimate, then, comparing his $200 to $250 billion that remains to be cut? Would you be dropping that down to the range of $150 billion or perhaps $100 billion?

Mr. TAFT. It is very hard to say, Mr. Chairman, because we are not sure where we are, but I think that it is $30 billion in each of the next 2 years that we have to get, that would be $40 to $50 billion in the next 2 and in the fifth year probably $50 billion. So what would that add up? It would be $200 billion.

Chairman NUNN. So you are in the same ballpark as he is?

Mr. TAFT. Yes, we are.

Chairman NUNN. According to my staff, your written testimony shows from fiscal year 1990 and beyond, the 1989 savings are approximately $46.9 billion for program terminations and $11.7 billion for force structure and manpower changes, giving a total of about $57.6. I am referring to page 3.

Mr. TAFT. Yes, sir. Those are the figures to which I have been alluding.

There are other things that we can do which are not implied in those figures, such as holding end-strength to where it is now.

Not included in this, for example, is the effect of the 2-percent cap on pay in 1988 which makes pay lower in each of the future years.

Chairman NUNN. That is not in here now?

Mr. TAFT. No. We did not approve of this, but $1.6 billion of the $33 billion that we saved in 1989 was a result of Congress' ceiling on the 1988 pay raise. We will get that same amount in every year.

Chairman NUNN. If I could summarize it, would it be fair to say that there remains to be cut out of the FYDP somewhere in the neighborhood of $175 to $200?

Mr. TAFT. That would be about right.

Chairman NUNN. Is that a general estimate?

Mr. TAFT. Yes.

Chairman NUNN. So you still have some tough ones coming.

Mr. TAFT. We have some very tough ones coming. The services are struggling with those right now, and I will get to struggle with them starting in April.

Chairman NUNN. I was just trying to figure out how many more Secretaries we are going to lose along the way.

Mr. TAFT. Well, I do not anticipate any, but I did not anticipate this one, either.

I think the range that you are speaking of, Mr. Chairman, is the range that I had in mind. I do not expect to find it very easy. I certainly do not expect to find it pleasant. On the other hand, we can do it, and I think we have taken a good step in that direction.

Let me say one more thing about it, and that is that the savings figure varies, even if we do not know what it is. Whatever it is, it varies depending on the action which the Congress takes in this year on our fiscal year 1989 budget.

If the Congress approves of the proposals that we have made, those figures would hold. If you do not reduce force structure as we requested, if you do not terminate the programs that we have requested, then those savings will not be available to us, and that would spread out into the out-years, too.

Chairman NUNN. Even if Congress comes up with exactly the same outlays and budget authority, it could rearrange the way it is done, and that would have an impact, up or down, on the out-years, would it not?

Mr. TAFT. Termination of programs is particularly important in that respect.

Mr. Chairman, if I may go on to the other questions.

I guess we have really dealt with question number three, at least insofar as my direct testimony is concerned, which was how are we looking forward to the future and how well-positioned do we think we are.

As I said, we have a lot to do, but I think we have taken a good step in the right direction. The priorities that we have had of preserving readiness and our people programs, the quality of our people, will remain with us. I think, having taken those decisions, we are in a good position from the point of view of knowing where we want to go and what kind of an approach we will take when it comes to those difficult decisions this summer.

Another question you had in your invitation, Mr. Chairman, related to the participation of the Commanders in Chief of the Unified and Specified Commands in our deliberations this year.

You have heard from them, I know, and I hope that what they told you was consistent with my impression of the process.

I have, over the 4 years that I have now been involved in this business of budgeting in the Department of Defense, made it a special emphasis of mine to involve the CINCs and to, I think it is fair to say, each year increase their involvement in our program and budget deliberations.

This year was no exception. Even though we had an extremely constrained timetable in which to do our job, we got the CINCs in and I had their views.

We did not meet all of the CINCs' priorities by any means, but we met a great many of them that were not in the original service submissions because I heard about them. I would say that no CINCs' priorities were ignored, and any of them that were not funded were done so with my knowledge.

Chairman NUNN. I think their testimony would justify completely your statement, so I think you are on the same wavelength with the CINCs. They feel that they are very much more now a part of the process. They felt that that had started even before reorganization and has been accentuated substantially under the reorganization.

I think they feel much better about their input now.

Mr. TAFT. Mr. Chairman, I feel much better about it, too, and I feel much better about the recommendations that we make in the budget as a result of it because we have that input. It has really gotten better and better as it goes on and we have had more CINCs who have more experience in it, for that matter.

CINCs who have been CINCs in several places are very interesting people when they get into this. General Galvin, for instance, has seen it from two perspectives now. It is a very valuable exercise for them and certainly a very valuable exercise for me.

You asked also about conventional force improvements for NATO, Mr. Chairman, and I would say that we have attempted in the budget request to give these a very high priority.

Essentially, these items are ones that involve air defense, ground forces, the sustainability of our forces in Europe, the mobility of them, whether we are able to get them there, command and control, and our naval improvements that we are undertaking with the allies and on our own efforts.

These are, I think, receiving the priority that they deserve. In a budget that is declining in real terms, as this one is, we have not been able to keep up all of our conventional programs any more than we were able to keep up all of our strategic ones at the levels that we wanted.

The programs that are most promising we have attempted to emphasize, and I would say especially—and this gets to the final question that you raised—the efforts relating to our cooperative programs with our NATO allies.

We have attempted to protect those programs from the "we-cannot-afford-it" type of reduction because they are cooperative and, for that reason, generate savings in the procurement necessary to meet our requirement.

We have felt that the "we-cannot-afford-it" argument is not a good argument against cooperative programs. If it is not working, if it has a technical problem, these programs are as fair game as any other.

The cooperative nature of them, however, if they are done right, promises such savings that we feel that they command a requirement for investment even in a constrained budget and, I should say, especially in a constrained budget environment. That is the approach that we have taken.

Chairman NUNN. Let me commend you on that. I think that is an excellent position for the Department of Defense to take.

I also want to say that I believe you really had a great deal to do with the success so far. We still have a long way to go, but in this overall area you have taken a real leadership position for the last several years, and I believe that a great deal of the success thus far is due to your personal involvement.

Senator WARNER. I share those sentiments, Mr. Chairman.

Mr. TAFT. Thank you, Mr. Chairman and Senator Warner. It has been an important effort and one that I know I have not been alone on. I have worked on it with the members of this committee, and we worked with the NATO allies.

I would like to say, since we are on that subject, that we are going to have to give it another push this year. It is something I talked about with Secretary General Designate Manfred Woerner. He is going to take it on, and I think we need to work with him very closely as soon as he gets into that job and to keep pushing, because these are very fragile efforts, as you know.

Chairman NUNN. I am told that a lot of the European countries are not displaying a whole lot of willingness to commit the follow-through funds necessary to complete some of the programs.

Is that a correct impression?

Mr. TAFT. There are some instances of that, and there are some things they could say about us which I keep hearing and which we keep fixing.

We need to get all those under control and keep pushing. It does not do to turn away for very long, and so it is going to take another push this year, as it always has.

Let me conclude at that point and say that I would be delighted to take questions of the committee on these or any other issues.

It is a very difficult budget year for all of us, and I want to work with this committee because I know that we have done that well in the past. There is going to be a lot of criticism of various aspects of the budget this year, more than in the past. I think there is going to be a lot of nervousness about the impact of some of the reductions we are taking.

The direction that this budget has in it, Secretary Carlucci's direction, is, I think, the right way to go. We have made the choice between quality people and quality training and readiness and numbers. I think we have made the right choice. We made the choice between continuing and stretching out programs that were sick or not affordable and terminating them. I think there, again, we have made the right choice, to terminate.

These are tough decisions. They are not decisions that I would have made had the budget been $20 billion higher, but it was very clear to me as we went through the deliberations last year, and I advised Secretary Carlucci and Secretary Weinberger, that as the budget fell much below $315 billion, $320 billion, there was no ducking these issues. We have not ducked them in this budget, and I solicit your support for the approach that we have taken.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Taft follows:]

PREPARED STATEMENT OF WILLIAM H. TAFT IV
DEPUTY SECRETARY OF DEFENSE

Mr. Chairman, Members of the Committee:

Thank you for inviting me here this afternoon as you turn your attention to the critical issue of the amended defense authorization request for FY 1989. Secretary Carlucci has already testified before you on the request we have put to the Congress. I do not propose to repeat his testimony but rather to focus on the specific issues you have identified in your letter of invitation.

Before proceeding to those items, however, let me quickly summarize the status of our budget activities in the Department. I believe this background is helpful to understanding each of the issues raised. The amended FY 1989 budget is the result of eight weeks of intensive effort within the Department to conform our budget to the agreement reached between the President and the Congress last November. With that amended FY 1989 budget as a base, the Department is developing its plans with a projection of annual real growth of approximately 2 percent per year over the next five years. The implications of this lower level of growth will have long-term effects on our military forces. Just what those effects will be has not been precisely determined although, in their broad outlines, they are clear enough and have significantly influenced our approach to amending the FY 1989 request. The details for FY 1990-FY 1994 will be determined in the course of the internal program review this spring and summer that is a normal part of our planning, programing, and budgeting (PPBS) process within the Department.

Now to the items you have identified.

Military Strategy

Despite the lower budget levels prescribed for the defense function in the budget summit agreement, we do not anticipate and we do not recommend any revision to our current military commitments or strategy. Indeed, there is no indication in any of the negotiations leading up to the budget agreement that the reductions in defense were either insisted on or accepted because the Congress wanted to change our military strategy;

economic considerations, not strategic ones, dominated the discussions. Now I and others, particularly including members of this committee, may well feel uncomfortable with the idea of subordinating national security considerations to economic ones. This is especially true when the defense budget is at a share of GNP consistent with previous years and decades. We are not used to looking at the defense budget as the balance wheel of fiscal policy first and only secondarily as a means of funding our national military requirements. We would, I am convinced, however, feel yet more uncomfortable if, for whatever reason, we not only failed to fund defense adequately for a period, but also altered our strategy for national security with every new estimate of the deficit or our GNP. The fact is that our security interests don't change just because we want to spend money on other things for a time, and we should not act as if they do. Moreover, to permit volatile economic projections to influence our military strategy significantly would, in itself, undermine the effectiveness of our strategy at any budget level.

So, we will continue to seek to safeguard the United States and its allies and interests by deterring aggression and have not changed our strategy. Instead, the reduced budget levels mean that we have had to accept greater risks in our program to carry it out.

For deterrence to be effective, we must demonstrate the will as well as the means to respond effectively to any aggression against our interests. This resolve and the ability to present a variety of responses to aggression form the doctrine of "flexible response" which has been the cornerstone of U.S. military strategy since 1961 and NATO strategy since 1967. Further, it is imperative that our strategy for deterring and combatting aggression be effective across a broad spectrum of conflict, ranging from nuclear aggression to low-intensity conflict. Obviously, this is no small task. But, the only way for deterrence to be effective is to be so adequately prepared for conflict that those who would challenge us understand that the price they would pay for their aggression would exceed any probable gains. The extent to which resource limitations preclude our ability to achieve these adequate levels of preparedness increases the degree of risk confronting our national security. Those risks are uncomfortably high as a result of actions taken to fit defense requirements within the fiscal constraints of the budget summit levels, but we have agreed to accept them.

Outyear Savings from FY 1989 Budget

Illustrations of Outyear Savings
($ in Billions)

	FY 1989	FY 1990 & Beyond
Program Terminations	4.8	46.9
Force Structure & Manpower Changes	2.5	11.7

While there will be significant outyear savings associated with the program adjustments reflected in the amended FY 1989 budget, those savings represent only a portion of the total funding reduction necessary if we are to achieve the topline for FY 1990 through FY 1993 reflected in the President's Budget. Other actions will be needed, but at this point I think we should be satisfied with where we are in the process. The guidance for reducing the FY 1989 budget instructed the Military Departments to assume 2 percent annual real growth in the outyears. While some issues were deferred until the summer review and will benefit from more careful consideration, the proposals we have before you are, broadly speaking, consistent with where we have to get. Of course, the favorable reception by the Congress of the reductions proposed for FY 1989 will make it easier to adjust the outyears.

The last internal Five-Year Defense Program was developed two years ago and included FY 1988-FY 1992. As we begin our internal program review this spring, it is against this current internal FYDP topline that we will have to make our adjustments. For FY 1990-FY 1992, over $203 billion in program reductions will have to be made to realize the topline currently reflected in the President's Budget.

Actions taken during formulation of the amended FY 1989 budget to reduce force structure or terminate programs will reduce outyear funding requirements. For instance, termination of the small ICBM reduced funding requirements in FY 1989 by nearly $2.2 billion, but reduces funding requirements in FY 1990 and beyond by $37.6 billion. The decision not to procure the A-6F aircraft for the Navy reduced FY 1989 requirements by over $917 million and outyear funding by another $4.7 billion.

In addition to program terminations, force structure reductions proposed for FY 1989 will affect outyear funding requirements. The decision to retire over 2,000 Army helicopters over a five year period reduced FY 1989 requirements by $122 million and will eliminate $573 million in support costs for FY 1990-FY 1993.

It is probable that additional consideration will have to be given to further force structure reductions and program terminations or deferrals if we are to reduce funding requirements while maintaining readiness. For instance, if we assume no growth over the next four years in the end strength levels displayed for active duty military personnel in the amended FY 1989 budget, we will reduce funding requirements for FY 1990-FY 1993 by $7 billion. Similarly, if we project flat end strength levels for civilian personnel over the same years, we will reduce funding requirements by $3.7 billion, including $600 million savings associated with implementation of manpower reductions mandated by Goldwater-Nichols legislation. The challenge will be to meet the requirements dictated by our military strategy with a smaller force structure. It becomes all the more critical that this force structure be of high quality and well-equipped.

The guidance to the Military Departments will remain the same as it was for the formulation of the Amended FY 1989 budget: we will preserve those programs necessary to ensure quality people, adequate levels of readiness, and efficient acquisitions. These guidelines and funding levels of approximately 2 percent real growth each year were given to the Military Departments and Defense Agencies in early January.

As we developed the amended budget, we were mindful of the outyear implications of the decisions made for FY 1989. Still, given the short timeframe within which we were forced to work, we were unable to consider fully all the proposals that were raised. Many issues and decisions affecting the outyears were left for this year's internal program and budget reviews to consider all the ideas of the Service Secretaries, the CINCs and the JCS.

Combatant Commanders' Priorities

When he testified before this committee last month, Admiral

Crowe affirmed that the CINC input weighed very heavily in the formulation of the amended budget and that there was more CINC participation this year than ever before. We adhered to a basic principle as we moved in the short time available to make decisions on the amended FY 1989 budget. We insisted on full participation by every area of the defense organization from the Military Departments and the Joint Chiefs of Staff to the CINCs. Consistent with this, we took the extraordinary step of summoning the CINCs to Washington in December so that they could make their priorities known. I personally talked with a number of the CINCs, including General Woerner, General Piotrowski, and General Lindsay, the commanders of our smallest commands, and I heard directly throughout the process from all of them.

While we could not accommodate all the CINCs' priorities within the constrained topline, we funded as many as we could. No failure to fund a CINC priority occurred, I venture to say, because we were not aware of it. The CINC's recommendations resulted in my restoring a number of programs to the budget. For instance, the budget provided for AWACS Radar Improvements, considered a priority program by several of the Commanders (CINCLANT, CINCNORAD, and CINCCENT). Likewise, the CINCs expressed concern over proposed budget reductions for the dependents schools program. Because the CINCs consider the availability of quality education to military dependents a vital military community program, these programs were protected from reductions during decisions on the amended FY 1989 budget. A proposed funding reduction for Relocatable Over-the-Horizon Radars (ROTHR) was denied during budget formulation primarily because of concerns expressed by the Commander-in-Chief, Pacific Command. Other examples of CINC priorities that prevailed in the budget formulation process include:

- Flying hours/training levels/operating tempos,
- Army ammunition and war reserve spares,
- National Emergency Airborne Command Post (NEAP),
- SOF Aircraft Modifications, and
- JCS Exercise Program.

CINCLANT was able to persuade me to continue a number of ships in the Navy program that I was considering retiring, but I did not feel able to continue all the ships in the Navy force structure that he and CINCPAC--and some others--might have wished.

Wherever possible, we attempted to protect those readiness levels critical to CINC mission performance. We consider CINC participation to be very important. I am confident that this will be all the more important as we address the serious problem of reconciling requirements to resources in the upcoming internal program review. The decisions made in developing the amended FY 1989 budget will not make the program review over the next six months any more difficult. In fact, they should make things somewhat easier. As a result of this recent review, we have a pretty good idea of everyone's preferences and biases. Before decisions are finalized we intend to hear from everyone involved; clearly the CINCs will be contributing substantially to the process.

Conventional Force Improvements for NATO

Our programs for conventional defense improvements focus on the critical deficiencies identified by the NATO Defense Ministers in December 1984 and strive to satisfy the resulting Conventional Defense Improvements (CDI) Highlighted Force Goals accepted by the United States. These key deficiencies, identified prior to the signing of the INF Treaty, generally pertain to air defense, ground forces, mobilization, reinforcement, sustainability, command and control, follow-on-force attack and maritime improvements. We are addressing these needs not only by modernizing the equipment for U.S. forces but also through cooperative research and development programs, many that we started with funds provided under the Nunn Amendment.

The United States has always endeavored to set the example for other nations by attempting to fully implement the highlighted force goals. I believe that our FY 1989 Budget submission contains the essential conventional force improvement programs to allow us to continue this performance. I also can assure you that our upcoming POM review will result in continued funding for these efforts through the FYDP timeframe.

NATO Cooperative R&D Programs

Since the NATO Cooperative Program began in FY 1986, twelve projects have been initiated under formal international agreements, involving twelve countries. Another thirty-four or more projects are now being considered for execution during FY 1988 and FY 1989. While the Nunn Amendment will not overcome all national decisions to pursue the development of major weapon systems, it offers a promising solution to the Alliance's requirement to do better with what it has. Resources currently available in accordance with the Nunn Amendment include $142.7 million in FY 1987 and $147.7 million in FY 1988. Our revised budget for FY 1989 increased our request from $59 million to $200.6 million in order to support a higher level of participation in cooperative research and development projects. The real challenge now is to use the Amendment and the momentum it has generated to widen gradually the field for a greater number of arms cooperation projects in the future. This will require persistence on the part of defense officials on both sides of the Atlantic, particularly as defense budgets level off or decline and as export markets begin to recede.

Conclusion

In conclusion, let me say that I fully realize that there are some people who believe that, as long as we still have a 15 carrier Navy, an advanced tactical fighter program, light infantry divisions, SDI, or some other feature of our defense program to which this Administration and the Congress have attached a high priority which they do not share, we haven't really cut the defense budget. There is no answer to such critics; their lack of interest in the content of the defense budget beyond the particular programs they do not support does not inspire confidence in their conclusions about the defense program as a whole. For those who have considered the subject in the round, however, as we in the Department and the members of this committee must, our amended budget submission represents, I believe, a genuine effort to make the difficult choices that lower budget levels require. It is a substantial down payment on the reductions needed to meet the FY 1990-FY 1994 levels. We are prepared to work constructively with this committee and the Congress as you consider it.

Chairman NUNN. Thank you, Mr. Secretary.

Senator Warner, I have already asked a lot of questions as we went along, so I would defer to you.

Senator WARNER. You go ahead and finish your questions.

Chairman NUNN. Just a couple more at this juncture, Mr. Secretary.

GROWTH IN DEFENSE SPENDING

As you know, the President's budget now indicates a 2-percent growth in defense spending for the next 3 or 4 years, through its extent. I believe it goes through 1993.

I think 2 percent is a reasonable amount. I am for that. I hope we can find a way to fund that. I am going to do what I can to do that, do not misunderstand me. I do not think that is excess at all. I think it is needed to maintain the forces we have now in a reasonable condition, modernization, quality, manpower, all of those things.

This is not for you to solve, and I am not asking you to solve this. The problem, however, is that the President's budget in the outyears beyond this year does not meet the Gramm-Rudman targets. So you have a reasonable defense request of 2 percent growth coupled with a budget—even with the President's own assumptions—that does not meet the Gramm-Rudman targets any year except this year. He misses it in 1990, 1991, 1992, and 1993.

The President says he is not in favor of any taxes. He cannot point out any spending programs to cut in order to meet Gramm-Rudman, and he is in favor of Gramm-Rudman.

Now, that puts the Defense budget in a squeeze. I do not know whether the people at the White House fully recognize the squeeze the Defense budget is being put in.

We also have a situation where if it were not for the trust fund surpluses, the operating deficit, of which defense is a large part in terms of the operations of the Government, is much higher than what we are really showing.

I think the surplus in Social Security this year is $40 billion and next year $50 billion, so you are really looking at the operating budget. Defense is in just one heck of a spot.

I do not know how vocal you all can be to the White House on that, but it puts the defense committees trying to go with another 2 years and trying to fight for that in a very, very awkward position of trying to sustain the defense portion of the budget when the overall budget does not meet the goals the President himself has endorsed.

Would you enlighten us on how we can deal with that situation?

Mr. TAFT. I would say, Mr. Chairman, in the sense that you put it, we face very much the same situation in the executive branch as you do here with your budget committees on Capitol Hill.

What we have attempted to do is to project the force, and we start by taking into account the political realities. A 2 percent real growth figure seems to us to be reasonable. What that projects out to is a slower rate of growth for the Defense budget than is anticipated for the economy as a whole.

The percentage of the gross national product that is projected to go to defense over that 5-year period in the President's budget declines from over 6 percent down to about 5.4 percent.

So that even though defense would be growing at 2 percent real growth under our projection, we would be imposing less of a burden on the economy in each year as we go.

GRAMM-RUDMAN

Chairman NUNN. I agree with that, but here is what I am saying. The President says he is for Gramm-Rudman. The President says no more taxes. The President says 2 percent on defense. The President says here are all the budget cuts I can recommend, and the President does not meet Gramm-Rudman in any of the outyears.

So it is not a matter of political philosophy. It is a matter of simple arithmetic. The Defense budget is in the squeeze.

Mr. TAFT. I understand what you are saying, Mr. Chairman. I guess what I am saying is that the Defense budget is not unreasonable, and I understand that you do not disagree with me.

Chairman NUNN. No, but the President's overall fiscal plan is unreasonable because he does not meet his own goal, and he is leaving the next President in terms of the fiscal policy and the Defense budget in a position of no foundation. It is just a quagmire.

The Defense budget is being put in great jeopardy, and I think national security is being put in jeopardy because this President and his administration have not been willing to face up to simple arithmetic.

Mr. TAFT. These targets, Mr. Chairman, come out, as you know, outside of this committee and outside of the Defense Department. They are established by the President and the Congress, and they work together.

I feel that it is our job in the Defense Department not to be unreasonable in our requests and, yet, not to ask for less than we feel we need and that would impose certain risks on us which we should not undertake. I think that will be reflected in our budget.

I would like to have more, and I guess personally I think the country could afford more for defense out of its overall budget. There are a lot of desirable things that we could do that would minimize risks.

How we pay for those things, what else the departments of government are doing, what their commitments are, I know that the pressure on the Defense budget from those considerations is extreme. That is why it is as low as it is.

We have engaged ourselves from the point of view of national security urging higher budgets, frankly, as this committee has done within the Congress, for national security because of what we see as the needs of our Armed Forces and the threats we face.

These things are not worked out by the Department of Defense or by this committee. We participate usefully I think, by explaining what the national security situation requires. What the tax policy is and what the Gramm-Rudman target is, what the deficit is, what the other demands on the Federal budget are, are things that are resolved by the Congress as a whole.

Chairman **Nunn**. And the President.

Mr. **Taft**. And the President.

Chairman **Nunn**. Thank you.

Senator Warner.

Senator **Warner**. Thank you, Mr. Chairman.

DECLINE IN DEFENSE SPENDING

Mr. Secretary, we now are experiencing the fourth year of no growth in defense. In fact, it is a decline, yet, our commitments worldwide have had no comparable decline. If anything, there has been an increase in our commitments given the problems we now face in Central America and in the Persian Gulf.

Are we going to be able to work out some formula, some set of guidelines, some set of guideposts to begin to properly educate and inform the American people of this decline in defense spending and its translation into an increased risk for their safety, the safety of this Nation, and that of our allies?

Mr. **Taft**. Yes, sir, and I think we need to do it.

Senator **Warner**. We really have to bear down on this issue because it is a problem. I have heard the chairman express the need for the executive and legislative branches to educate the people of this country in arms control on many occasions. We simply have to do this.

Mr. **Taft**. I think that we have to. Frankly, I would say that we are in a better position to do that than we sometimes give ourselves credit for, in terms of the way in which the Defense budget is analyzed each year.

It is measured up against the threat. It is established against a threat and against specific requirements that we have to meet.

My sense of it is that the American people are very comfortable with the range of things that we say we have to do. We say the Persian Gulf is important; they agree with us. We say that NATO is important; they agree with us.

Senator **Warner**. Exactly. In fact, some of us marched off in the Senate on this issue.

Mr. **Taft**. I think the American people understand what our commitments are, what threat the Soviet Union poses, and they agree to stand up to that.

What we have not been explaining as well as we should is the connection between the programs that are in the Defense budget and the programs that drop out of the Defense budget when it is reduced and those threats that we face, be they in the strategic program, on the conventional side, or on the manpower side.

Senator **Warner**. We have a SAR report that deals with the programs and the manufacture. Maybe we had better have a commitment from SAR and say how the cost overruns are going in terms of the resources to fulfill those commitments.

We have to sit down and work out simple formulas and from year to year just tell the people. Are we down another notch? We are down another notch, and we want you to know it.

Mr. **Taft**. We are part of that——

Senator **Warner**. Read the testimony that has been given to this committee here since Secretary Carlucci came up. He touched on it. The headlines read cutting end-strength, cutting programs, and the service Chiefs salute and say somehow we are going to accomplish our mission but it will be at a greater risk. Yet, that risk is never quantified.

I think that somehow we have to do it.

Mr. TAFT. I will say, Senator, we have some great people working in the Defense Department, and one of the aspects of their greatness cuts against us here; that is, that they always say we will go, we will do it, we are going to accomplish that mission, even if we do not have what we need. Thank God we have those people, but we should support them better.

REORGANIZATION ACT

Senator WARNER. Someday we will wake up and say that we will send the troops, but we will not be able to send them.

Now, I would like to turn to the parallel subject of the Reorganization Act. Are there some areas in the Act that you find troublesome? We have had considerable testimony on that point from the CINCs and from the service Chiefs and from the service Secretaries, particularly in the area of officer requirements, joint officer training, and related issues.

Are you going to try to coordinate within the Department some position on this for the Congress?

Mr. TAFT. Are you talking professional military education?

Senator WARNER. I am talking about the Goldwater-Nichols Reorganization Act and the requirement that officers must have so many years of joint service before qualifying for flag promotion.

There seems to be considerable ferment in the services on this issue. I simply think that a coordinated position should come over from the Secretary of Defense's office. I can understand if you are not prepared today.

Mr. TAFT. Yes, sir. I agree with you.

Of course, we went into some of those issues last year, and I think there were some adjustments made to alleviate obvious problems for the nuclear submariners and some others. I think you will recall that.

We did not get all of the adjustments we wanted, and I would say one of the reasons we did not was because we had not submitted all of the information and made the case as well as we should have. We have been told to do that. We are doing that.

I think Secretary Green was, in fact, testifying this morning before Senator Glenn's subcommittee on this subject, and we will be working with you on it to let you know how it is going.

Senator WARNER. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you.

Senator Exon.

Senator EXON. Welcome, Mr. Secretary.

I would like to clarify a few things as far as you and the Secretary are concerned. Some of these we handled with the Chiefs, and I want to make sure that everybody is thinking down the same road.

SMALL ICBM

Would you give us your version of the decisionmaking process and the final determination as far as the Department of Defense was concerned with regard to the small ICBM in next year's and the following year's budgets?

Mr. TAFT. Yes, Senator. I would be glad to do that.

I guess I could start simply by saying the decisionmaking process can be briefly described. The Secretary of Defense made that decision. He made it with the advice of people within the Department, people outside the Department in the executive branch and also after consultation with various Members of Congress and even others, members of the Scowcroft Commission, people who have had an interest in that subject. But it was his decision.

The decision that was made was that from his point of view, the small ICBM was not an affordable program over the long term and that the budget resources available to us did not permit us to fund it. He accordingly has not funded it in the out-years of the budget.

At the same time, he was concerned not to upset a consensus for strategic programs at this time or to upset the arms talks with the Soviet Union which got consensus supports and makes us more effective in.

So he decided not to terminate that program this year or in fiscal year 1989 but to continue it so that, should a decision be made in 1989 by the next administration to revive it and to find the funding for it in the budget, which they would have to do because it is not funded, the program would have been retained in such condition that that option would be open to them. That is the posture that we have taken.

Senator EXON. Thank you, Mr. Secretary.

RAIL GARRISON MX

The Secretary has funded, as near as I can tell, what is sufficient to go forward with the exploration of the feasibility of the rail garrison MX.

That is true, is it not?

Mr. TAFT. The Secretary's feeling and the administration's position is that the rail garrison MX program is very promising, and we have funded the R&D in that at a healthy rate, which I believe is roughly $800 million this year.

Senator EXON. Given the funding level and how things are proceeding on that, when will the Department of Defense have enough information available to say we think the rail garrison MX is workable and practical and we can move ahead with that, or to say our studies have shown that this is maybe not the way to go?

Mr. TAFT. At the moment, our conclusions are that this is the way to go. One can always find out otherwise in the course of research and development and in the course of full-scale engineering development, neither of which we are in for that basing mode.

The final milestone, number three, the actual procurement decision for that system, is not until 1990, I think, but we are going ahead with it on the basis of everything we know, that it is a very promising and good program, and funding it at that pace.

Senator EXON. Suppose that 6 months from now we would discover something that would cause the Department to conclude that the rail garrison MX is not the way to go.

If that came about, would it follow that you would recommend revving up the Midgetman?

Mr. TAFT. I do not think, Senator, that we view these programs as alternatives to each other. Certainly, the decision that the Secretary reached on the small ICBM was based on cost considerations which would not be alleviated by developments in the MX rail mobile program.

Those would remain for us and would remain as substantial obstacles which in the Secretary's judgment are not surmountable to pursuing that program.

Senator EXON. So what you are saying is even if the MX, for whatever reason, is not pursued, that the administration might not turn to the Midgetman as an alternative thereto?

Mr. TAFT. That is right, Senator Exon.

I have no reason, I wish to stress, to anticipate that there will be a difficulty with the MX program. That is not what I am hearing.

Senator EXON. I understand that.

Mr. TAFT. But even if there were, the money that is in that program would not be at all adequate to fund the small ICBM program. We would have to look, I think, at a range of other solutions. There are some that have been considered, and the main focus would be on a less expensive solution than the small ICBM.

Senator EXON. I think it is fair to say, then, that as far as this Secretary of Defense is concerned and this Deputy Secretary of Defense, the present position of the administration is that the ICBM does not look like the answer to the potential problem even if we did not have rail mobile MX missiles.

There may be other options which could be considered over and above the ICBM, the Midgetman ICBM?

Mr. TAFT. The Secretary's statement has been that he does not think that he can afford it, and he does not think any other Secretary of Defense can afford it, either. That will not change with what happens on the MX.

Senator EXON [presiding]. Thank you. My time is up.

Senator Wilson.

Senator WILSON. Thank you very much, Mr. Chairman. I appreciate the opportunity to visit with Secretary Taft once again.

ARMY AMMUNITION AND WAR RESERVE SPARES

I noted that in your testimony on page 6 you made mention of the fact that CINC priorities prevailed in the budget formulation process, and one of the priorities specified was the requirement for Army ammunition and war reserve spares.

I quite agree with the CINCs and with your adoption of that priority.

Monday of this week we had before the committee Comptroller General Bowsher, who testified that in the logistics area GAO has found many problems. That is a quote. An example cited was that between 1980 and 1986 stocks which exceeded requirements increased by about $20 billion.

Now, I agree and I think you would agree with Mr. Bowsher that large increases in unneeded secondary arms do not materially contribute to increased military capability, and at a time when we are struggling with budget constraints that is an area that deserves real attention.

Having said that, and you have been kind enough to appear before us previously on that subject, I noted with pleasure a recent statement by Mr. James H. Ray, Director for Supply Management Policy before the House Subcommittee on Readiness of the House Armed Services Committee on Tuesday, March 15, 1988.

He stated, in testifying on two bills which he was actually called to testify on, H.R. 3931, which he stated to be identical to S. 1826, which he noted I have sponsored, indicating, "The Department is supportive of both bills." He is right. The House bill, I find in the sincerest form of flattery, is identical to the bill that I introduced last October.

I was obviously pleased with Mr. Ray's statement of Department of Defense support for the bill.

S. 1826

Mr. Chairman, what I would really ask, and I think it is more a question of the Chair than of Secretary Taft, since they are on record as supporting the legislation, this S. 1826 is the product of the work of the task force which Senator Glenn and I are continuing, though that task force is no longer operating as a unit of the Armed Services Committee.

What I would very much like to do, though, is have the cooperation of the Chair and of Chairman Nunn in seeing to it that as we move forward on the authorization hearings and in the markup of the authorization bill, we include as much as possible of S. 1826 to address this very gnawing problem of the kind of waste and theft that we really cannot afford and which everyone has agreed we must stop by better procedures.

Senator **Exon**. I am advised that the assumptions of the Senator from California are accurate, and we will address this and certainly want the input of you and Senator Glenn on this.

I understand one of the problems is that one of the titles has some jurisdictional problem with the Judiciary Committee, and that is one of the things we should be mindful of. That would strictly be up to Chairman Nunn. I am speaking only from the information that I have on this.

Senator **Wilson**. Thank you, Mr. Chairman. I would be happy to know what that is.

Mr. **Punaro**. Sir, the criminal sanctions provided for in your draft legislation as it relates to Title 18 of the United States Code are not under the jurisdiction of this committee. They are under the jurisdiction of the Judiciary Committee.

As best I can recall, we have never reported any legislation out of this committee that deals with or changes the Criminal Code of the United States. I think the Judiciary Committee would take a very keen interest in that part of it.

I think the committee has worked with you very closely and will on that. We will just have to get with the Judiciary Committee and see what can be worked out along those lines.

Judiciary would clearly want sequential referral on our bill if we dealt with the Criminal Code.

Senator WILSON. OK. Is there precedent in this committee for our dealing with that situation by simply giving them sequential referral of that portion or, better yet, concurrent so they could be working on it while we are working on it?

Mr. PUNARO. To the best of my knowledge, sir, the Armed Services Committee has never allowed itself to get in a situation where any other committee could get sequential referral of our bill because a lot of things can happen to a bill when it goes to another committee on sequential referral which are unrelated to the legislation, even though it may be limited to that particular title.

They could add in a committee amendment on a subject totally unrelated to the jurisdictional matter, so we try to avoid sequential referrals.

Senator WILSON. Well, what we ought to do is take that out so there will not be a sequential referral and have an understanding here, and we will put it in on the floor. That would take care of it.

Mr. PUNARO. Let us work with you, sir, and get with the Judiciary staff and see. Maybe it could be worked out where they would not ask for that. We will work with them and see what we can do along those lines.

Senator WILSON. Alright, thank you.

Thank you, Mr. Chairman.

Senator EXON. Thank you, Senator Wilson.

Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

START TREATY

Secretary Taft, if we assume just for the record that there will be a START Treaty with about a 50 percent reduction in ballistic missiles and warheads, do you see that this would translate into savings such as fewer Tridents, fewer bombers, fewer MXs, et cetera? If not, why not?

We were talking about procurement problems and funding and so forth.

Will a START Treaty, if there is one, translate into real savings?

We are talking about selling things or explaining things to the American people, and I would like to hear your comments on that.

Mr. TAFT. In the short term, Senator, I would not anticipate any savings. In fact, I would anticipate some expenditures as a result of that.

As you know, the retirement of nuclear submarines, for example, costs us money in the near term.

The retirement of nuclear weapons is also an expensive proposition.

The verification of any regime adds expense to the Department.

Particularly, also, I think you may be familiar in the intelligence area that we would need to make perhaps some additional investments on the verification side of such a treaty.

So in the short term, and I am talking 2 or 3 years, the answer would probably be no, there would not be savings; probably the reverse. That is the experience, in fact, that we have with the INF, where we have had in fiscal year 1988 to send up a request for an additional $100 million for that treaty.

The longer term could hold some reductions, talking 5 to 10 years out, because you would be maintaining a smaller force as a result of the reductions. How that math would work out is really highly speculative.

I think I would recommend to the American people in selling a START Treaty not the savings, which as I say if they add them up in the near term they will not be too happy about them because they are not there, but the benefits for security of the reduction in these forces.

That, I think, is the test of any treaty that we might conclude. My thought, my conviction, is that the American people will support such a treaty if it will indeed enhance our security and improve the stability of the nuclear equation. They are not looking for money on such an important thing as that. They will pay for that.

PROCUREMENT PROCESS

Senator SHELBY. Secretary Taft, we are talking about the procurement process down the road, and let us talk about 1992, which is not too far away.

What is going to have to give with these programs coming on line? If we do not get the money, some programs are going to have to go. Obviously, something has to give.

Mr. TAFT. It depends on your priorities, Senator, as to what gives.

We look at it from the positive end of the scale first. What do we absolutely want to keep? We want to keep quality people. We want to keep our strategic forces and our strategic deterrent. We want to keep our readiness and operations and our training up to the best levels.

What gives are the things that place fourth and fifth in the beauty contest, if you will. They are fourth runner up. We like them——

Senator SHELBY. But you cannot have everything.

Mr. TAFT [continuing]. But they do not last as well. Those are size of our forces and numbers that we have of things, and modernization tends to slow.

We tend to go on with some of the things that we have longer than we would like to, to not initiate new programs but to get some more use out of the things that we have.

There are some things I do not like doing but we have done them in this budget and I am afraid you are going to have to agree with some of them. Deferring maintenance on real property and projects that would improve our environment for our people have had to be deferred. You cannot take 10 percent out of the budget and have everything left.

Senator SHELBY. What about the services? If they give up muscle and eliminate force structure, and let us just speak of the Army right now, how far will the Army end-strength have to be cut before division flags would have to be run down?

I know that is getting on down there, but some people have talked about maybe an Army of 500,000 people.

Mr. **Taft**. I am not talking about that level, Senator, but I would say that whether you have to cut flags for divisions depends more on how you structure yourself, particularly as between the Active and the Reserve Forces, than on the size of your Active Force.

We have actually reduced the number of people in the Active Force in the last 7 years by about 8,000 or a little more than that, and we have increased the number of division flags because we have more round-out battalions with the brigades in the Reserve.

We have increased the Guard and Reserve by hundreds of thousands of people in that time, and that is what has enabled us to do that.

We are small for the Army. We are the smallest Active Army in 30 years. It is important that as you get smaller you preserve that structure which is the base on which you would expand.

Senator **Shelby**. Building blocks.

Mr. **Taft**. Building blocks, and that is the division flags and the headquarters and so forth.

Senator **Shelby**. My time has expired. Thank you, Mr. Chairman.

Chairman **Nunn** [presiding]. Thank you, Senator Shelby.

Senator Wilson, have you had your turn?

Senator Exon.

I have a few more questions here, Mr. Secretary.

TRANSFERRING MONEY BETWEEN ACCOUNTS

DOD has asked Congress to increase the ceiling amount of money the DOD can transfer between accounts in fiscal year 1988 from $1.2 billion to $4 billion. Are you familiar with that?

Mr. **Taft**. Yes, Mr. Chairman, I am.

Chairman **Nunn**. Tell us why that transfer authority increase is necessary.

Mr. **Taft**. Essentially, Mr. Chairman, it is important to give us the flexibility to transfer the money into particular accounts for programs which the Congress has indicated it desires.

Specifically, I am thinking of civilian pay, of CHAMPUS funds, and a number of other things. I have a sheet, in fact, which I should submit for the record. There are about 10 items.

[The list referred to follows:]

Fiscal year 1988 unfunded requirements

[In millions of dollars]

Overseas station allowances	500
CHAMPUS	643
INF Treaty implementation	194
Foreign currency fluctuation	1,092
Industrial/stock fund refunds	523
Civilian pay raise absorption	416
Civilian health benefits increase	200
Fuel price increase	361
Persian Gulf operations	37

GSA stock fund surcharge	64
Total	4,030

MUST PAY ITEMS

Chairman NUNN. Are these generally what you would call your must-pay items?

Mr. TAFT. These are must-pay items. They include even the INF verification effort.

There is the board. They are the overseas station allowance, which is influenced heavily by the exchange rate; CHAMPUS, which is a must-pay item depending on how many people get sick and how many people get cured.

The INF Treaty implementation is on there for $198 million.

The foreign currency fluctuation, again, is really not within our control.

The civilian pay raise is another big chunk of it.

The fuel price increase, we either have to buy our fuel at the going rate or not buy it and not operate.

"Must-pay items" is a good way of putting it. I do not think there is any controversy in terms of the congressional support for our paying these bills. In fact, some of them they very much want us to pay.

But these are in accounts that are underfunded. We would need to get at monies essentially in the procurement accounts that have in the past been made available to us and are, in fact available to us this year by transfer authority of $1.2 billion.

The transfer of additional money will enable us to pay these bills. If we have to pay these bills within the current accounts, for example, the ones in the O&M account, if we have to absorb that civilian pay raise in there, the way you do that, if you cannot transfer money in from outside the account, you have to lay off civilians.

Fuel, if you have to do it within the account, you use less fuel. You do not steam.

Chairman NUNN. Would you consider using some of the unauthorized appropriations for these purposes?

Mr. TAFT. Senator, we would consider using anything that we and the Congress would agree could be used for them. Essentially, our request is for the Congress to agree that we can use this.

I should make this point because it is important. Every time that we used this transfer authority it would be by the mechanism of reprogramming. That reprogramming would come before this committee, and we would require your agreement.

Chairman NUNN. I understand the need for paying these bills.

The question I have, almost all these items are fast spendout items. You are going to be transferring authority from probably slower spendout accounts to fast spendout items.

Are we going to run into an outlay problem that would breach the budget agreement of last year? Are you going to make the outlays come out even by your requests?

Mr. TAFT. We really are treating these, I could not say separately because we talk about them together, but we take our requirement on outlays to meet the budget summit agreement as a separate commitment and undertaking from this.

If we are given this authority, notwithstanding what the impact of these particular transfers would be, we will adhere to the overall limitation on outlays for fiscal year 1988 that was agreed to. We can do that.

Chairman NUNN. So you will make the adjustments necessary?

Mr. TAFT. We will either not make all of these transfers, or we will do other things to control outlays to meet that agreement.

That is a critical agreement, we feel, for reaching the budget agreement, and we are going to keep our end of it.

UNAUTHORIZED APPROPRIATIONS

Chairman NUNN. What are you doing with the unauthorized appropriations now?

Mr. TAFT. I believe we have a letter from either your committee or the House committee, both of you, suggesting that we hold off on any obligation of them and that we wait until we have discussed it further with you. Our intention is to do just that.

I believe there is one exception to that which was not mentioned in your letter and which we may have let go, and that is on the carriers, as to which I think there was a separate understanding.

Chairman NUNN. That is right. That was a unique situation.

FIVE-YEAR PLAN

Let me ask a question, Mr. Secretary, about the 5-year plan. As you know, section 1203 of the 1988–89 Authorization Act requires the Secretary of Defense to transmit to Congress by April 1 a 5-year defense plan.

Secretary Carlucci and I have corresponded over the last month on that. There are going to be some very serious questions raised if we do not get that by April 1. Yet, I know that you are going through very substantial revisions.

Can you tell us what the plans are for submitting that 5-year defense plan?

Mr. TAFT. Mr. Chairman, I signed a letter yesterday transmitting the only 5-year defense plan we have or will have by April 1, which is, unfortunately, and I know you are familiar with this, the 5-year defense plan that we developed in the summer of 1986 and which was the basis for the biennial 1988–89 budget that we submitted.

It is not very relevant to the 1989 budget that we are looking at today, but it is the only 5-year defense plan that we have.

I am afraid that the people who put that requirement in were not coordinating with the biennial budget process which was actually set up in the same statute. So we did not have a 5-year defense plan. We only have a 5-year defense plan every 2 years.

We are going to have another one as the basis for our 1990–91 biennial budget and 1990–94 5-year plan, but that is not developed yet.

Chairman NUNN. You are going to give us what you have?

Mr. TAFT. I have transmitted it. I transmitted it yesterday, I believe. I do not know whether it has arrived or not, but I signed it out.

Chairman NUNN. When will we have an updated or new 5-year defense plan?

Mr. TAFT. The next 5-year defense plan will be developed as a result of the summer program review. It will be completed by the end of the year, except for some details.

I guess what I would propose to the committee it that we get it up to you by April 1, 1989. I think that is what the legislation must have anticipated.

Chairman NUNN. We will work with you on that, but I would again, as I have said in the letter, urge you to make a good-faith effort to get whatever information you do have. The best effort is, I think, what the spirit of the law would intend.

Mr. TAFT. Yes. We have submitted something. I think we will fall within the letter of the law, because it is the only 5-year defense plan we have. It relates very remotely to the 1989 budget, in that it is the 5-year defense plan on which the original 1989 budget was formulated, and now we have amended that.

I can see that that provision is not working out as the sponsor anticipated because of the way the calendar has been. I think, however, that we are in literal compliance, and I hope people think the reason we are not in spiritual compliance is because we cannot be.

Chairman NUNN. I think contact with the author of that amendment would be in order so that he gets an explanation of it.

Mr. TAFT. Very good. I will be in touch with him.

Chairman NUNN. I think it would be helpful.

BALANCED TECHNOLOGY INITIATIVE

The Balanced Technology Initiative, you have $200 million in this year for that, do you not?

Mr. TAFT. Balanced?

Chairman NUNN. Balanced Technology. It is the conventional——

Mr. TAFT. I do not know it by that name.

Are these the cooperative programs? I think we may even call these the Nunn programs.

Chairman NUNN. No, this is what we call the Balanced Technology Initiative, BTI over here. Maybe you have never heard that name. It is the money that is taken out of SDI to put into conventional research leapfrog-type technology. You have put some money in the budget——

Mr. TAFT. I am advised that it is funded at $200 million.

Chairman NUNN. Do you have anybody over here with you who can speak to that?

Mr. TAFT. Let me ask my comptroller here. My comptroller is demurring.

Ah, here we are. This program has done extraordinarily well, Mr. Chairman. It has been increased. It was $200 million in 1988, and it is $238 million in our amended submission for 1989.

So perhaps I had better submit more information to you.

Chairman NUNN. I was going to ask you if we had really developed any programs that you could identify today, but maybe you could supplement that for the record.

Mr. TAFT. Let me do that if I may.

[The information follows:]

BALANCED TECHNOLOGY INITIATIVE

The Balanced Technology Initiative [BTI] was established as a technology development and demonstration program to enhance our conventional defense capabilities. The program was started in fiscal year 1987. Work is being conducted in five categories: Smart Weapons Technology, RSTA/BMC3 Technology (RSTA—for Reconnaissance, Surveillance, and Target Acquisition; BMC3—for Battle Management, Command, Control, and Communications), Armor/Anti-Armor Technology, High Power Microwaves (HPM), and Special Technology Opportunities. A detailed description of the overall program and the numerous specific projects was provided in a DOD report submitted to Congress in May 1987. The BTI Program plan was structured to "make a difference" in a few technology areas important to the successful conduct of conventional defense missions.

Smart Weapons Technology projects address problems related to advance sensors and seekers, autonomous guidance and automatic target recognition, and the producibility of components. Projects in the RSTA/BMC3 Technology category involve efforts related to surveillance, targeting, and information management. The Armor/Anti-Armor Technology work includes projects involving the development of advanced guns and projectiles, armor materials, and improved mine/countermine capabilities. The High Power Microwaves activity is concentrated on developing a comprehensive understanding of the effects of HPM on advanced weapons systems and other military assets, but also includes hardening and weapons concepts work. Work in the Special Technology Opportunities category includes projects involving fuel-air explosives, advanced guidance for cruise missiles, and the development of new capabilities for close-air-support aircraft.

Chairman NUNN. We think that is very important, because this money is supposed to give us a forward thrust in developing what we call leapfrog technology in the conventional area.

As we get into a post-INF period, it is going to be imperative that we develop some leverage with our technology in the conventional arms control area.

So far the last 3 years we have emphasized that, and we would like an update. We can get into this with the subcommittees, but I did want to make sure that you focused on it.

Mr. TAFT. Thank you, Mr. Chairman. I certainly should probably have done this more than I have.

Chairman NUNN. Let me say in terms of cooperative programs, I think there is room, and this is particularly why I wanted you to focus on it, because there is room for perhaps taking one or two of these programs that have real promise and making some of the BTI programs, indeed, cooperative programs.

The idea is conventional defense, and it is leapfrog-type technology. There are two separate programs. They were set up separately. BTI is strictly United States, but we would like for you to take a look at that technology and see if there is a crosswalk that would make some sense with a couple of the cooperative programs.

Mr. TAFT. Very good. We will do that, Mr. Chairman.

I think probably the reason I was not familiar with it is that we are doing exactly what the Congress wanted us to do, and when we are doing that, they often do not bother me.

Chairman NUNN. We are delighted that you have now focused on it, and I am sure that it will continue to enjoy support even though the high levels of the Pentagon are now involved.

Mr. TAFT. We are supporting it, it seems.

Chairman NUNN. Thank you.

There is another question I want to ask you, but I think we are going to have to go into closed session on that one. It relates to cooperative programs. The question is not classified, but I think the answer will be.

Mr. TAFT. Could we provide the answer for the record in a classified annex?

Chairman NUNN. I think I really better just go into a brief closed session, and we can wrap it up quickly.

Do you have anything else you want to say in the open session, Mr. Secretary?

Mr. TAFT. No. Thank you very much, Mr. Chairman, for the opportunity to appear.

Chairman NUNN. Thank you for being here. We will now go into closed session.

[Questions for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR ALAN J. DIXON

PRECISION OPTICS

Senator DIXON. In light of the findings of military experts, and despite the significance of these products to the U.S. Military, would you explain why you acted as you did?

Mr. TAFT. We do not dispute the findings of a study conducted by the JLCs on the state of the U.S. optics industry; however, we do take exception (as did the military departments) to the imposition of a procurement restriction on optics. After careful examination of the usefulness of a restriction, it was determined that:

—A restriction would have a major impact only on the high technology optics market, where most DOD purchases are made. The United States is a world leader in this end of the market. A restriction would have little impact in the low technology commercial sector where erosion has occurred.

—Precision optics are "buried" within components and assemblies and the manufacturing process is heavily tiered. Enforcement of a restriction would be virtually impossible.

—The benefits (if any) derived from a restriction would not offset the potential damage to our important relationship with our allied trading partners.

We have developed a draft DOD action plan which focuses on industry shortfalls where the DOD may be of some constructive influence. These include:

—Concentrating on resolving the shortage of skilled workers,

—Considering a number of DOD manufacturing and R&D programs that might be used to encourage plant modernization and reduce the dependency on skilled opticians, and

—Contacting the Department of Commerce to review possible trade and economic remedies.

We are confident that these actions will prove to be more effective over the long term in helping the optics industry to help itself.

ACQUISITION OF MUNITIONS AND SPARE PARTS

Senator DIXON. To what extent is the acquisition of new weapon systems coordinated with the acquisition of munitions and spare parts used by these systems. What proportions of defense outlays were allocated to the support of these systems in the past 5 years?

Mr. TAFT. The Office of Secretary of Defense begins to probe the service plans for integrated logistics support prior to the full-scale development phase (which we call Milestone II). Our review of munitions and spare parts is much more extensive at the decision point (Milestone III) which precedes the full-scale production/deployment phase.

In the last 5 years the acquisition of munitions has averaged 9 to 11 billion dollars (in then year $) per year which accounts for 3 to 5 percent of total DOD outlays. The procurement of spares averaged 19 to 22 billion dollars per year in that period which accounts for 7 to 10 percent of total DOD outlays.

EUROPE ASSESSMENT

Senator DIXON. The Director for National Security at the General Accounting Office (GAO) testified last week before the House Armed Services Committee on

Readiness that the Army in Europe cannot sustain a conventional conflict for any significant period of time. He specifically cited concerns with shortage of support forces and support equipment.

Do you agree with this assessment? What steps is the Army taking to improve combat support? Should our allies be providing more host nation support?

Mr. TAFT. Senator, I believe the Director's assessment was a pessimistic one. Although the Army cannot sustain conventional conflict in Europe for as long as it would like, it can sustain operations for a considerable period of time, particularly when compared to our sustaining capabilities and those of our allies just a few years ago. More Active Army component support forces would decrease much of the risk associated with our sustainment capabilities. But in an Army of diminishing active strength, one which is already too small for the global missions assigned to it, more active support forces at a cost of fewer active combat forces is not possible without considerable strategic cost.

The solution has been to place the sustaining burden on the Reserve component forces. And while there are manpower challenges associated with these RC support forces, their most serious problem is one of equipment shortages and obsolescence. These shortages are by and large in the units that would be the last mobilized. Vehicle and equipment shortfalls in these late deploying Reserve support units are the result of greater priorities in the forward deployed active combat and support units as well as the early deploying CONUS-based Active and Reserve Forces, the units first-to-fight.

The Army is taking steps to improve its support posture in the face of a fixed active military manpower ceiling and constrained fiscal resources. Manpower efficiencies are being realized through better packaging and the containerization of resupply materials. New trucks and support vehicles are entering the active and reserve structure, but at a pace much slower than designed because of fiscal limitations.

Allied host nation support also reduces the Army's requirements. Some countries, particularly the Federal Republic of Germany, have dedicated significant numbers of military personnel, facilities, and some equipment to support the Army. Others could do more. However, it is difficult to convince allied nations, who already bear such burdens as conscription and land diversion, that they should provide more for a collective defense when we do not impose the same burdens on our own population.

LONG RANGE STUDY PLANS ON (NCR)

Senator DIXON. Mr. Secretary: Last spring, in the report accompanying the Senate Armed Services Committee's DOD Authorization Bill, the Committee asked that the DOD provide a long range study of its presence in the National Capital Region (NCR) . . . the District of Columbia and the surrounding Maryland and Virginia suburbs . . . with a particular focus on long term facility requirements.

It was the Committee's intent not to entertain any further significant facility capitalization in the NCR until it had an opportunity to analyze this report. This requirement was reaffirmed in the conference report accompanying the National Defense Authorization Act for Fiscal Years 1988 and 1989.

We had planned to have this study in hand last fall so that its conclusions could form the basis for the Department's amended fiscal year 1989 military construction request and the Committee's review of that request.

The budget request currently under review includes over $217 million in military construction in the National Capital Region. In addition, the Committee has been asked to approve a major new lease-purchase initiative with an estimated annual cost of about $70 million.

Regrettably, we still have not received the Department's regional facility analysis. Can you provide this committee an insight into why this study, originally requested in almost 10 months ago, is still not available? Equally disturbing, on what long-term basis did the Department form its request for almost a quarter billion dollars in capitalization in the Washington area absent such a plan?

Mr. TAFT. Senate Report 100-57 "National Defense Authorization Act for 1988 and 1989" provided a mandate for development of a Department of Defense Study of Administrative Space in the National Capital Region. The report is nearing publication with submission to Congress targeted to occur on or about 25 April 1988. Larger problems than were originally forecast have contributed significantly to delays in collecting, analyzing, coordinating, and assembling a wide range of data from the military departments and defense agencies. All data have now been collected and analyses nearly completed. Moreover, the report includes, but is not limited to, a

description of current DOD activities in the region, a 10 year historical audit of DOD activities in the NCR, a 10 year projection of DOD activities to be housed in the NCR, a current and 10 year projected analysis of Government-owned versus leased space and related costs, and a comprehensive plan for providing administrative space for essential DOD activities in the NCR.

The current budget requests under review by Congress includes over $217 million in MILCON and a new lease-purchase agreement with an estimated annual cost of approximately $70 million in the NCR. The majority of the MILCON requests are for other than administrative space and, therefore, are outside the scope of the report on DOD Administrative Space Planning for the National Capital Region. These requests include facilities such as training range improvements, warehouse expansion, chemical demilitarization training facility, weapons fabrication shop consolidation, dormitory, map production facilities upgrade, aerial port facility alterations, and academic facilities. The lease-purchase requests authority to acquire 2.5 million square feet of modern administrative space for the relocation and consolidation of Department of Navy activities from rapidly aging leased facilities. This would allow the DOD to achieve a major reduction in the Federal Government's leased space inventory and is consistent with the stated goals of the Congress.

The budget requests referenced above were initially developed by the various military departments and defense agencies and most have been in process for more than a year. All of these requests have been audited and are consistent with the goals for future DOD administrative space as specified in the report.

QUESTIONS SUBMITTED BY SENATOR WILLIAM S. COHEN

SPECIAL OPERATIONS

Senator COHEN. In the 1987 DOD authorization bill, Congress established a Major Force Program Category for Special Operations and directed the Special Operations Command, together with the new Assistant Secretary's Office to:

". . . provide overall supervision of the preparation and justification of program recommendations and budget proposals to be included in such major force program category."

What steps have been taken to bring the Department of Defense into compliance with the law?

Mr. TAFT. A mission and functions statement for the Commander of U.S. Special Operations Command to include special operations resource responsibilities was approved by the Joint Chiefs of Staff on 29 May 1987.

In June 1987 the Department of Defense (DOD) created Major Force Program (MFP) 11 that consolidates into one program all SOF unique programs and resources. On 29 September 1987 I signed and CINCSOC concurred with a memorandum specifically designed to ensure fulfillment of the provision of the legislation creating the new Assistant Secretary of Defense and CINCSOC and to support them in the accomplishment of their assigned duties within the Department's Planning, Programming, and Budgeting System (PPBS). On 4 January 1988 the Charter (DOD Directive 5138.3) for the Assistant Secretary of Defense (Special Operations and Low Intensity Conflict) was approved. Copies within a report that was required by the National Defense Authorization Act for Fiscal Years 1988 and 1989, section 1211, were sent to the Chairmen of the Senate and House Armed Services Committees.

During the Department's review of the amended fiscal year 1989 President's budget and the preparation of the SOF fiscal year 1989 Congressional Justification Book, ASD (SO/LIC) and USSOCOM participated in the review and preparatory process.

Senator COHEN. As you know, title 10, as amended by the 1987 DOD authorization bill, states: ". . . In addition to the activities of a combatant command for which funding may be requested under section 166(b) of this title, the budget proposal of the special operations command shall include requests for funding for—

—Development and acquisition of special operations peculiar equipment; and

—Acquisition of other material, supplies, or services that are peculiar to special operations."

What steps have been taken to see that this provision of law is implemented?

Mr. TAFT. Department of Defense Directive 5138.3, Assistant Secretary of Defense (Special Operations and Low Intensity Conflict) was issued by the Secretary of Defense on 4 January 1988. This Directive assigns responsibilities and functions for the management of Special Operations' Research, Development and Acquisition. The Acting Assistant Secretary of Defense for Special Operations and Low Intensity

Conflict in concert with USCINCSOC, had begun the development of a Review, Analysis and Management System for Special Operations Research, Development and Acquisition. This system will follow the guidance of the Under Secretary of Defense (Acquisition) and will be codified with a DOD Directive prepared by the ASD (SO/LIC).

Senator Cohen. In order to assist General Lindsay with his responsibilities for developing and acquiring SOF-peculiar equipment, Congress gave him the authority, "to exercise the functions of the head of an agency . . ." What use has been made of this authority?

Mr. Taft. CINCSOC is not yet exercising the stated authority for several reasons. We are preparing head of agency guidelines which will give CINCSOC the latitude to proceed at a pace and level of his choosing. The specialized system for working SOF material requirements and acquisition programs is a major development effort. This in turn will help structure the organizational changes and agreements required to fully implement the fiscal year 1987 and 1988 SOF legislation. To assist us, the Logistics Management Institute has been asked by the Acting Assistant Secretary of Defense for Special Operations and Low Intensity Conflict to recommend procedural and organizational adjustments required to effectively establish a functional SOF acquisition system. The Logistics Management Institute study team is working closely with the staffs of both USCINCSOC and the Deputy Assistant Secretary of Defense for Resources.

Questions Submitted by Senator John McCain

REVISED FISCAL YEAR 1989 DEFENSE AUTHORIZATION REQUEST

Senator McCain. Could you look back, and provide a statement for the record of how your current fiscal year 1989 program compares with the one projected in the fiscal year 1984–1989 FYDP, and of the major cuts you have had to make in your program as a result of the cuts in defense spending?

Secretary Taft. The fiscal year 1989 column of our fiscal year 1985–1989 plan called for National Defense (050) Budget Authority of $456.4 billion. Adjusting for changes in inflation, our fiscal year 1989 request of $299.5 billion reflects a reduction of $133 billion from this level, as shown in the following table (Current $ Billions):

[In billions of dollars]

	FY 89 column of FY 85–89 FYDP	FY 1989 amended budget
Military personnel	$83.7	$78.4
O&M	117.1	85.6
Procurement	153.9	80.0
RDT&E	46.3	38.2
Military construction/family housing	18.0	9.0
Other 051	3.3	−.4
Other 050	9.8	8.7
Total	432.1	299.5

As can be seen, two-thirds of the reduction came out of the investment accounts, resulting in lower quantity purchases of major weapon systems, reduced construction of new facilities, and delay in the achievement of the 600-ship Navy.

Senator McCain. I realize that you may not have finished your revision of the fiscal year 1989–1994 FYDP, but could you provide a statement for the record of the major cuts you will have to make in manpower procurement O&M readiness, and sustainability, and summarize the potential impact on mission and warfighting capability?

Secretary Taft. Since the services have not yet submitted their proposed plans for the fiscal year 1990–1994 FYDP to us for review, I cannot give you any detailed information. We did, however, direct the services to apply the same guidance that we used in reducing our fiscal year 1989 request: retain quality people, maintain readiness, and program for efficient acquisition. As I outlined in my statement, the outyear impact of the force structure reductions and program terminations/deferrals that we have proposed in this fiscal year 1989 request will provide a significant portion of the reductions that we require in the fiscal year 1990–1994 period. However, we will probably have to look at even further force structure reductions and program terminations to get down to our new topline. Overall, we remain committed to avoiding the "hollow force" conditions that characterized our Armed Forces in the 1970's.

Senator McCain. How important is the rise in real defense spending called for in the FYDP to avoid further reductions in force structure, or serious reductions in mission capability?

Secretary Taft. The negative real growth in the defense budget over the past 4 years has threatened to reverse many of the significant gains in National Defense capabilities made by this administration, and has raised the risks to this Nation to uncomfortable levels. Even though defense funding has declined in real terms, our worldwide commitments have not, nor has our strategy for meeting those commitments. And Soviet military capability continues to grow. The 2 percent annual year real growth path that we are basing our planning on now will not significantly reduce our overall level of risk, but it does provide a realistic and stable funding level which will afford us with the opportunity to plan and execute our programs in a more efficient manner.

READINESS

Senator McCain. Could you provide a statement for the record of the major tradeoffs you have had to make to preserve your readiness in fiscal year 1989, and of the problems this will impose in terms of procurement, sustainability, O&M backlogs?

Secretary Taft. Our three priorities in reducing the fiscal year 1989 budget were: maintaining personnel quality, maintaining adequate readiness, and procurement of equipment in an efficient manner. To maintain these priorities, reductions had to be made in numerous areas. The majority of the $33 billion fiscal year 1989 reductions came out of our investment accounts, with almost $15 billion of the total coming from the procurement title. Although reductions of this magnitude have a significant impact upon our capabilities, we attempted to limit that impact by terminating marginal systems while maintaining on-going production at efficient production rates. Thus we have proposed the termination of 18 systems, and the deferral or delay of an additional 17 systems. Our budget is structured to maintain the current level of sustainability of our forces, but the reduced funding has limited our ability to improve this posture. The projected backlog of O&M funded depot maintenance requirements will decrease from the fiscal year 1988 level, and the backlog of real property maintenance and repair will increase at about the same rate as last year.

Senator McCain. Could you provide a statement for the record showing what you would have to spend in fiscal year 1989, and during fiscal years 1990–1994, to be able to fully perform your mission and to correct the major shortfalls you now have to accept as a result of current budget cuts?

Secretary Taft. The fiscal year 1988–1989 biennial budget that we submitted last year, along with the outyear plan, represented what we felt was an affordable program to continue the rebuilding of our defene capabilities. Although that program was not without risk, it represented a significantly lower level of risk than the fiscal years 1989–1994 program we have been discussing today.

THREAT FORCES

Senator McCain. Could you provide a statement for the record of how our defense program compares to those of threat forces, and of the trend you currently project in relative capability?

Secretary Taft. No single measure is available that can adequately compare the U.S. defense program with the forces that threaten our Nation. The state of the military balance must be analyzed for each of a number of regions and military functions, and judged with reference both to other forces, in particular Allied forces, that would be involved in some contingencies, and to the specific objectives the United States has for each area. In very general terms, the size of the U.S. defense program can be compared to the Soviet military program by using estimates of what the Soviet program would cost if it were purchased with U.S. dollars. This comparison shows that the two countries' military activities were roughly the same size by 1987, a significant improvement over the situation of the 1970s, when Soviet military programs were much larger than our own. Because investment in weapons, facilities, and RDT&E creates a long-lasting stock of military assets, the Soviet advantages built up in the 1970s will persist well into the 1990s. While we see strong economic incentives for the Soviet Union to restrain military spending, intelligence estimates of actual Soviet activities suggest that Soviet weapons procurement has grown more rapidly in the last few years than it had in the late 1960s and early 1970s.

KEY MISSIONS

Senator **McCain**. Could you provide a statement of the major risks this budget imposes in terms of your ability to carry out key missions?

Secretary **Taft**. The risks presented by the fiscal year 1989 budget are not "major". All key missions will still be accomplished. The main result of the cuts will be an increased workload on our units and a slightly higher level of risk. Obviously, systems which were eliminated will not be available to accomplish their intended mission. Instead, we will have to accomplish the mission in another manner or with older, less efficient systems. Total force structure reductions in the budget, while small, increase risks attendant to a major conflict either because the forces will not be available or because they have been converted to Guard/Reserve and may not be available as rapidly. Because force structure reductions were relatively small, the increase in risk is also relatively small. In the case of Naval forces, the reductions may also cause a slight increase in the duration of peacetime deployments if commitments remain unchanged. As I mentioned in my March 17 testimony, we were able to protect, for the most part, programs related to personnel, readiness and sustainability for fiscal year 1989. As we develop the new FYDP over the next year, we will again place priority on those areas to ensure that our force structure does not return to the "hollow" force of the late 1970s.

FUTURE CUTS IN FORCE STRUCTURE

Senator **McCain**. What risks, if any, does the budget and the fiscal year 1989-1994 FYDP impose in terms of future cuts in force structure?

Secretary **Taft**. As mentioned earlier, the force structure cuts to be made in fiscal year 1989 are relatively small and have only a marginal effect on our defense capabilities. None of the force structure cuts proposed in the budget will, by themselves, cause any future cuts. In some cases, systems which are terminated in the fiscal year 1989 President's budget would have caused force structure increases which will not now occur. Because we have only just received the proposed service programs for the next 5 year period, and will be reviewing and adjusting them over the next 6 months, I cannot make any specific predictions concerning further force changes at this time. I can only say that, in general terms, under current resource constraints our forces may have to decline further if those that remain are to be ready, sustainable, and modernized.

[Whereupon, at 4:22 p.m., the hearing proceeded in closed session.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1989

MONDAY, APRIL 11, 1988

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

BALANCED TECHNOLOGY INITIATIVE AND NATO COOPERATIVE RESEARCH AND DEVELOPMENT PROGRAMS

The committee met, pursuant to notice, at 2:16 p.m., Senator Jeff Bingaman presiding.

Present: Senators Bingaman, Wirth, Warner, Thurmond, Quayle, and McCain.

Staff present: Arnold L. Punaro, staff director; Carl M. Smith, staff director for the minority; Romie L. Brownlee, deputy staff director for the minority; Gerald K. Bankus, Jonathan L. Etherton, Richard D. Finn, Jr., Judith A. Freedman, Sherri Wasserman Goodman, John J. Hamre, William E. Hoehn, Jr., George K. Johnson, Jr., Ronald P. Kelly, and Daniel J. Wildfong, professional staff members; Barbara B. Brown, staff assistant.

Also present: Jeffrey B. Subko, assistant to Senator Exon; Gregory J. Weaver, assistant to Senator Levin; Edward M. McGaffigan, Jr., assistant to Senator Bingaman; Charles C. Smith, assistant to Senator Dixon; Milton D. Beach, assistant to Senator Glenn; Terrence Lynch, assistant to Senator Shelby; Henry D. Sokolski, assistant to Senator Quayle; Mark J. Albrecht, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; Andrew Johnson, assistant to Senator Exon; and Skip Ash, assistant to Senator McCain.

OPENING STATEMENT BY SENATOR JEFF BINGAMAN, PRESIDING

Senator BINGAMAN. Senator Nunn is investigating organized crime and so is delayed, so we will begin.

The Senate Armed Services Committee meets to receive testimony on the Balanced Technology Initiative and the NATO Cooperative Research and Development programs. The Balanced Technology Initiative was established in the 99th Congress to provide a more balanced approach to our defense research effort.

The Strategic Defense Initiative has consumed an increasingly larger share, and the committee became convinced that the Defense Department research program was perhaps unbalanced. The imbalance produced inadequate funding for research into promising leapfrog technologies for our conventional forces. In a recent report called "Discriminate Deterrence," it was stated that:

> Even though the U.S. RDT&E has increased sharply since 1981, almost all of this increase was for the development and testing of new weapons. Substantial increases are needed in DOD science and technology spending in order to once again offset Soviet numerical force superiority with qualitative advantages.

It is the judgment of the committee chairman that we need to conduct research into innovative technologies that can defeat tank armies, as well as research into technologies that can defeat the threat posed by ballistic missiles.

The Balanced Technology Initiative has been one of the instruments that has helped restore research into innovative technologies for our conventional defense needs.

The second focus is on the NATO Cooperative Research and Development program, which was established in the fiscal year 1986 Authorization Act as a means for alliance members to combine scarce research funds and, by working together, to make more efficient use of alliance-wide defense resources. Obviously, these are both crucial issues.

Secretary Carlucci has provided substantial leadership in this area.

Chairman Nunn's prepared opening statement will be entered into the record at this point.

[The prepared statement of Chairman Nunn follows:]

Prepared Opening Statement by Senator Sam Nunn

THE BALANCED TECHNOLOGY INITIATIVE AND NATO COOPERATIVE R&D PROGRAMS

This afternoon, the Senate Armed Services Committee meets to receive testimony on the Balanced Technology Initiative and the NATO Cooperative Research and Development Programs.

The Balanced Technology Initiative was established by the 99th Congress to provide a more balanced approach to our defense research effort. The chart you see on here in front of you illustrates the problem. Note the line marked SDI. In the research area, with SDI, funding for strategic forces research grew by 75 percent from fiscal year 1981 to fiscal year 1986. As the Strategic Defense Initiative consumed an ever increasing share of our scarce research dollars, the committee became convinced that the Defense Department's research program was unbalanced.

This imbalance produced inadequate funding for research into promising "leapfrog" technologies for our conventional forces. In a recent report called Discriminate Deterrence, Fred Ikle and Albert Wohlstetter state that "Even though U.S. RDT&E has increased sharply since 1981, almost all of this increase was for development and testing of new weapons. Substantial increases are needed in DOD science and technology spending in order to once again offset Soviet numerical force superiority with qualitative advantages." I agree. In my judgment, we must conduct research into innovative technologies that can defeat tank armies, as well as research into technologies that can defeat the threat posed by ballistic missiles. The Balanced Technology Initiative has been one of the instruments that has helped restore research into innovative technologies for our conventional defense needs.

While the Balanced Technology Initiative in the Department has been developing slowly, I do believe progress is being made. One of our purposes here today is to receive an update on this progress, and to gain an understanding of the management philosophy and policies for the program.

Our second focus here today is the NATO Cooperative Research and Development program. It was established in the fiscal year 1986 Authorization Act as a means for alliance members to combine scarce research funds and, by working together, make more efficient use of alliance-wide defense resources. I was disappointed with the funding levels that the Defense Department proposed in its original budget submission for fiscal years 1988 and 1989. While this committee took the lead in increasing the funding for fiscal year 1988, I was pleased to see the Department's increased support for NATO Cooperative R&D Programs in its amended budget request for fiscal year 1989.

I believe a link must exist between BTI and the NATO Cooperative R&D Program. If we are truly going to maximize alliance resources for the common good, we must be prepared to share not only resources, but ideas as well—in both directions across the Atlantic.

For this reason, I want to emphasize that I believe BTI is the kind of program we must consider for cooperation. If it truly represents cutting edge technology, we all gain by common development. But it must be a two-way street, and we expect our allies to bring their cutting edge technology to the table as well. I was encouraged by Secretary Carlucci's comments in the Department's report, "Support of NATO Strategy in the 1990's." Excerpts from that report were included in a special supplement to the March 4, 1988 edition of the Defense Daily. Let me quote Secretary Carlucci:

"The Balanced Technology Initiative is another new defense program that is addressing many problems of considerable importance to our NATO allies. * * * As the BTI program continues, we intend to develop cooperative technology development efforts—as opposed to the systems development activities of the NATO Cooperative Research and Development Program—with our NATO allies."

I applaud Secretary Carlucci for his leadership in this area. I would like to enter into the hearing record the Defense Daily article summarizing the Secretary's report.

Our witnesses today are no strangers to this committee. Both have appeared as witnesses many times. Dr. Cliff Duncan is the first Director of Defense Research and Engineering under the new organizational structure in the Office of the Under Secretary of Defense for Acquisition. Prior to that, he served as the Director of the Defense Advanced Research Projects Agency (DARPA).

Our second witness has so many titles that I'm not sure which one to use. He is the Department's Trade and Defense Cooperation Advocate, the Special Advisor for NATO Armaments, the Deputy Under Secretary of Defense for Planning and Resources, and the Chairman of the Defense Policy Advisory Committee on Trade. With all these titles, he is surely qualified to address NATO cooperation here today.

Before I ask for your statements, let me ask if any of the other Senators have any comments they would like to offer.

Senator BINGAMAN. The witnesses today are, of course, very familiar to this committee. Dr. Cliff Duncan is the first Director of Defense Research and Engineering in the new organizational structure in the Office of the Under Secretary of Defense for Acquisition. Prior to that, he served as the director of DARPA.

Before we hear your testimony, Dr. Duncan, let me defer to Senator Warner and Senator Thurmond for any statement that they would like to give.

Senator WARNER. Thank you, Mr. Chairman.

I welcome the two witnesses, and particularly want to commend Mr. Kloske for his work. He has been working with this committee almost the entire time that I have been here. The subject before us today had a genesis with some of his thinking, and I wish to personally commend him.

Senator BINGAMAN. Thank you.

Senator Thurmond.

Senator THURMOND. Thank you.

Just to save time, I will put a brief statement in the record, Mr. Chairman.

Senator BINGAMAN. We will be glad to include it in the record.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT BY SENATOR STROM THURMOND

Mr. Chairman, I want to commend you for holding this hearing. Technology, balanced or not, has been a key to deterrence for a number of years.

I am concerned that we are reordering defense priorities to pay for the Balanced Technology Initiative. It is no secret that the strategic programs requested by the administration provide the "lion's share" of the funds for these programs because the Congress forces the shift of funds.

Mr. Chairman, I believe in a strong conventional defense capability but I also feel that, in the current budget environment, any adds in the BTI area should be taken from other conventional programs, as opposed to strategic programs.

Thank you, Mr. Chairman.

Senator BINGAMAN. We also have a statement from Senator Dixon which he asked be included in the record, and we would be glad to do that.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, I am pleased to welcome Dr. Robert Duncan, Director for Defense Research and Engineering, and Mr. Dennis Kloske, Special Advisor to the Deputy Secretary of Defense for Armaments, before this committee today. These gentlemen will address the important issue of our cooperative relations with our NATO allies.

Members of this committee have become increasingly concerned about the commitment of our allies to their own defense. The United States has shouldered the burden of the security of the alliance since World War II. We have willingly spent considerable sums of money to rebuild the industrial and military capacity of our friends. This was as much in our interest as it was in theirs. We have seen the increasing economic success of these allies, and their growth to strong, stable democracies. However, despite Europe and Japan's economic and political well-being, the United States has continued to be the prime support of the military alliance. The United States has now reached the point where we can not be the main military protector for the Free World. Our allies must take up their fair share of the burden of military spending.

The United States will not abandon support for our allies. Our national security depends on the coherence and cooperation of the NATO alliance. We have been assured that the alliance is stronger than ever. While this may be true from a political and economic standpoint, it is obvious that we trail the Soviet Union and the Warsaw Pact in conventional military capability. We must focus our attention and resources on addressing and correcting this imbalance to ensure our security.

Our witnesses today will be able to update us on the progress of the NATO alliance in achieving cooperation on military programs and how the alliance is coping with increasing their share of military expenditures.

Senator MCCAIN. Mr. Chairman, I have a brief statement also.

Senator BINGAMAN. I am sorry, John. I did not see you. I thought you were just part of that chart.

Senator MCCAIN. Yes, I know, I do sit pretty far away.

I just wanted to help my friends from the Territory of New Mexico. [Laughter.]

Senator BINGAMAN. I appreciate that.

Senator MCCAIN. I will try to be brief, Mr. Chairman.

Dr. Duncan, I am concerned about the overall progress we are making in creating an effective approach to improving our conventional capabilities for NATO. And to be quite frank, I am disappointed with the kind of material I have seen to date.

We are getting long lists of interesting projects, and what I believe we need is a detailed architecture that shows us how we are going to spend money over the next 10 years to transition technologies into specific weapons and systems for our forces for NATO.

I do not think we need more interesting ideas or shopping lists. We instead need an integrated plan that will clearly show the flow of dollars by project from development to deployment and which ties together the conventional defense initiative, the Balanced Technology Initiative, the real world output the Department expects to get from the NATO cooperative R&D initiatives, and the specific deployments that will take place as part of the competitive strategy initiative.

We also need to see this plan integrated into a net assessment or a net technical assessment which shows specifically how the Department estimates that these programs will affect the major aspects of the conventional balance and how they relate to the overall funding of our forces for NATO.

Further, I believe we need to see the Department's plan to transitioning these technologies to our allies. I understand that such a plan would have to be a rolling plan and it would change over time.

At present, I see far too little evidence that the Department has a detailed real world plan to make any serious changes in our conventional options and in the NATO-Warsaw Pact balance. I instead see a flood of viewgraphs and ideas, many of which are very impressive.

But I think we need an effective approach to implementing what this committee has sought in terms of real changes in conventional defense capability.

Let me also add if I might, Dr. Duncan, that I am deeply disturbed by reports that the Balanced Technology Initiative is being transferred to DARPA. I think this is the last kind of change we need.

I gather that the conventional defense initiative has already collapsed into another special interest R&D program, which is largely decoupled from the services. The Balanced Technology Initiative should be a program to push technology into field systems just as quickly as is humanly possible, and DARPA has a poor track record both in handing off technology and in getting close cooperation with the services.

I believe we in this committee want early results, not a prototyping program or new ways to fund NATO. And I would hope that we will not see any shift in what now seems to be a relatively successful effort.

Thank you, Mr. Chairman.

[The prepared statement of Senator McCain follows:]

PREPARED STATEMENT BY SENATOR JOHN MCCAIN

BALANCED TECHNOLOGY INITIATIVE

Mr. Duncan, I am deeply concerned about the overall progress we are making in creating an effective approach to improving our conventional capabilities for NATO. To be quite frank, I am totally dissatisfied with the kind of material I have seen to date. We are getting long lists of interesting projects where what we need is a detailed architecture that shows us how we are going to spend money over the next 10 years to transition technologies into specific weapons and systems for our forces for NATO.

We do not need more interesting ideas, or shopping lists. We instead need an integrated plan that will clearly show the flow of dollars by project from development to deployment and which ties together the Conventional Defense Initiative, the Balanced Technology Initiative, the real world output the Department expects to get from the NATO Cooperative R&D Initiatives, and the specific deployments that will take place as part of the Competitive Strategy Initiative.

We also need to see this plan integrated into a net assessment or a net technical assessment that shows specifically how the Department estimates that these programs will affect the major aspects of the conventional balance, and how they relate to the overall funding of our forces for NATO. Further, we need to see the Department's plan to transitioning these technologies to our allies.

I understand that such a plan would have to be a rolling plan and would change over time. At present, I see far too little evidence that the Department has a detailed real world plan to make any serious changes in our conventional options and in the NATO-Warsaw Pact balance. I instead see a flood of vugraphs and ideas, many of which are very impressive. But what we need is an effective approach to implementing what this committee has sought in terms of real changes in conventional defense capability.

Let me also say that I am deeply disturbed by reports that the Balanced Technology Initiative is being transferred to DARPA. This is the last kind of change we need. I gather that the Conventional Defense Initiative has already collapsed into another special interest R&D program which is largely decoupled from the services.

The Balanced Technology Initiative should be a program to push technology into field systems just as quickly as is humanly possible, and DARPA has a poor track record both in handing off technology and in getting close cooperation with the services. I believe we in this committee want early results, not a prototyping program or new ways to fund DARPA, and I would hope that we will not see any shift in what now seems to be a relatively successful effort.

Senator BINGAMAN. Thank you very much, Senator McCain. Go right ahead with your testimony, Dr. Duncan. We are glad to have you here.

STATEMENT OF DR. ROBERT C. DUNCAN, DIRECTOR, DEFENSE RESEARCH AND ENGINEERING

Dr. DUNCAN. Thank you, Mr. Chairman.

I have a statement that I will submit for the record, and I would like to make a few verbal comments, but not reading from the statement ahead of time. I might take 5 to 10 minutes.

Senator BINGAMAN. Fine. We will include your full statement for the record.

Dr. DUNCAN. The statement that I have submitted for the record summarizes the progress that we have made with the Balanced Technology Initiative as of today. As you know, I was sworn into the job as the official responsible for that program, and I was sworn in at the end of 1987.

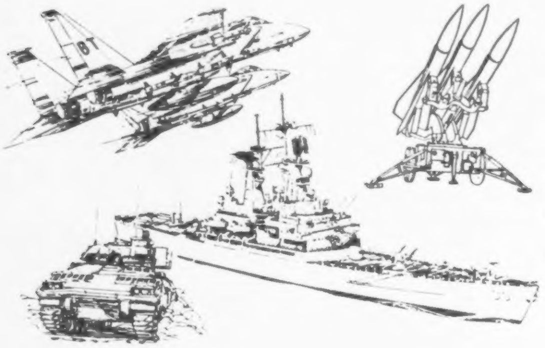
Since my confirmation, I have undertaken a thorough review of the content of the current program. I have also met with a number of senior leaders of the Department to solicit their views on the content of the program and on the approach to its management.

I might say, some of the views that I get match very closely with Senator McCain's views, and some of the views are just the opposite. They are all over the lot. But I would like to summarize those things in my statement.

Before doing that, I think it would be beneficial to take 3 or 4 minutes to say what the program consists of.

BALANCED TECHNOLOGY INITIATIVE

CREATED TO EXPAND RESEARCH ON INNOVATIVE CONCEPTS AND METHODS OF ENHANCING CONVENTIONAL DEFENSE CAPABILITIES, AND TO FACILITATE RESTORATION OF THE CONVENTIONAL DEFENSE TECHNOLOGY BASE



PROGRAM CATEGORIES:

SMART WEAPONS TECHNOLOGY

RSTA/BMC3 TECHNOLOGY

ARMOR/ANTI-ARMOR TECHNOLOGY

HIGH POWER MICROWAVES

SPECIAL TECHNOLOGY OPPORTUNITIES

PROVIDES OPPORTUNITY TO INCREASE RESEARCH AND DEVELOPMENT EFFORTS IN A FEW TECHNOLOGY AREAS CRITICAL TO CONVENTIONAL DEFENSE MISSIONS

This first chart shows that it was created for the purpose of expanding research on innovative concepts and methods of enhancing conventional defense capabilities and to facilitate restoration of the conventional technology base.

The categories of programs that the 48 projects are lumped together into are: first, the smart weapons technology program, and that is about $50 million of activity in 1987.

The second is the reconnaissance, surveillance, and target acquisition, battle management, command, control, and communications, technology. There are $37 million of the $182 million BTI program for 1987 in that category.

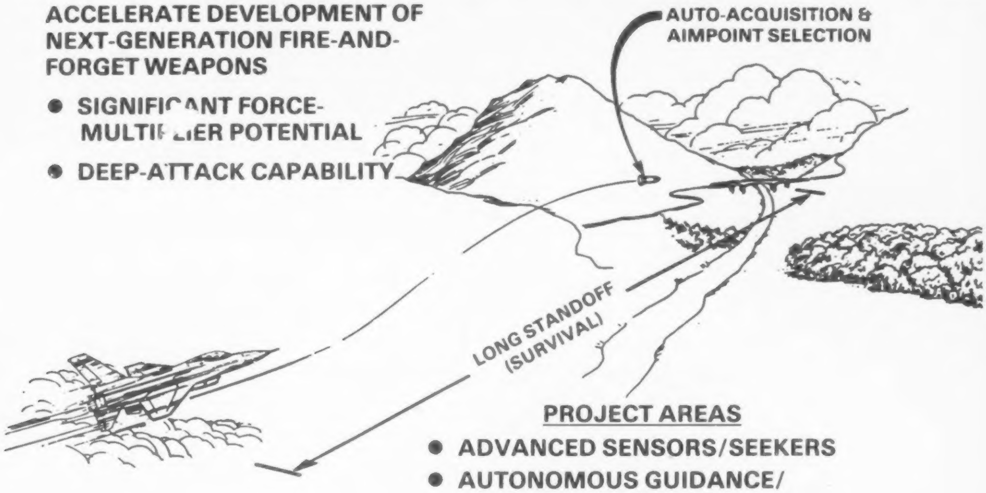
The third is the armor/antiarmor category. $36 million of the $182 million are in armor/antiarmor.

High powered microwaves is the fourth category, with $15 million.

And the last category is kind of a catch-all for a variety of things: $34 million, which we call special technology opportunities.

BALANCED TECHNOLOGY INITIATIVE

SMART WEAPONS TECHNOLOGY



ACCELERATE DEVELOPMENT OF NEXT-GENERATION FIRE-AND-FORGET WEAPONS

- SIGNIFICANT FORCE-MULTIPLIER POTENTIAL
- DEEP-ATTACK CAPABILITY

PROJECT AREAS

- ADVANCED SENSORS/SEEKERS
- AUTONOMOUS GUIDANCE/TARGET RECOGNITION
- PRODUCIBILITY OF COMPONENTS

I have one chart on each of these programs, and that will end my chart show.

This next chart shows the smart weapons technology program. The purpose is to accelerate development of the next generation fire-and-forget weapons, for the purpose of being a significant force multiplier and for deep attack capability.

Now, a very important element of that program is right down at the bottom under "project areas," where it says "producibility of components." We need weapons that are cost effective and that do not price us out of business.

The project areas that make up the smart weapons technology program are: advance sensors and seekers, autonomous guidance and target recognition, and the producibility effort.

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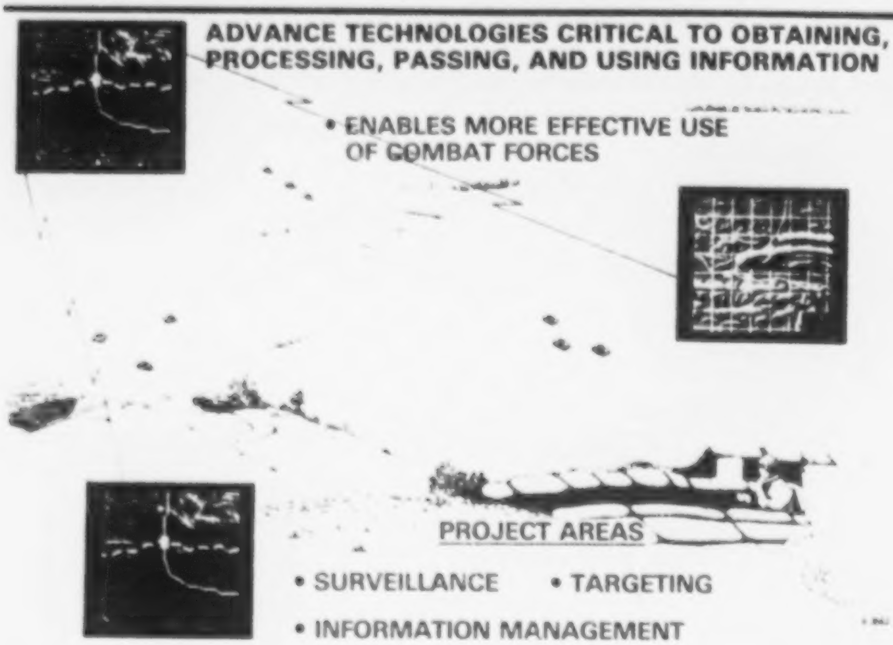
BALANCED TECHNOLOGY INITIATIVE

RSTA/BMC3 TECHNOLOGY



ADVANCE TECHNOLOGIES CRITICAL TO OBTAINING, PROCESSING, PASSING, AND USING INFORMATION

- ENABLES MORE EFFECTIVE USE OF COMBAT FORCES

PROJECT AREAS

- SURVEILLANCE
- TARGETING
- INFORMATION MANAGEMENT

The next chart shows the reconnaissance, surveillance, target acquisition, battle management, and C^3 technology. This includes advanced technologies critical to obtaining, processing, passing, and using information. It enables more effective use of our combat forces.

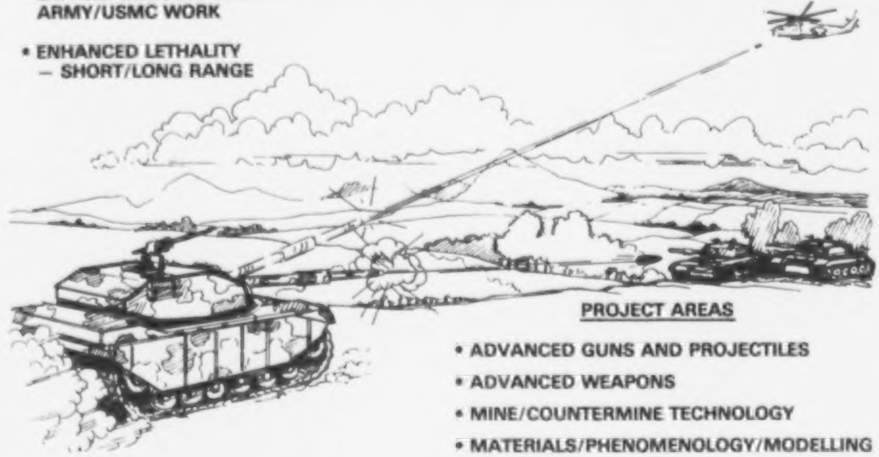
The major project areas there total $47 million for 1987. They are surveillance, targeting, and information management.

BALANCED TECHNOLOGY INITIATIVE

ARMOR/ANTI-ARMOR TECHNOLOGY

INCREASE SURVIVABILITY AND RETALIATORY WARFIGHTING CAPABILITY OF US/ALLIED FORCES

- EXPAND ONGOING DARPA/ARMY/USMC WORK
- ENHANCED LETHALITY
  - SHORT/LONG RANGE



PROJECT AREAS

- ADVANCED GUNS AND PROJECTILES
- ADVANCED WEAPONS
- MINE/COUNTERMINE TECHNOLOGY
- MATERIALS/PHENOMENOLOGY/MODELLING

The next chart shows the armor/antiarmor, $36 million effort in fiscal year 1987, for the purpose of providing increased survivability and retaliatory warfighting capability for U.S. and allied forces. It expands the ongoing DARPA, Army, Marine Corps armor/antiarmor program. It enhances the lethality of both short and long-range systems.

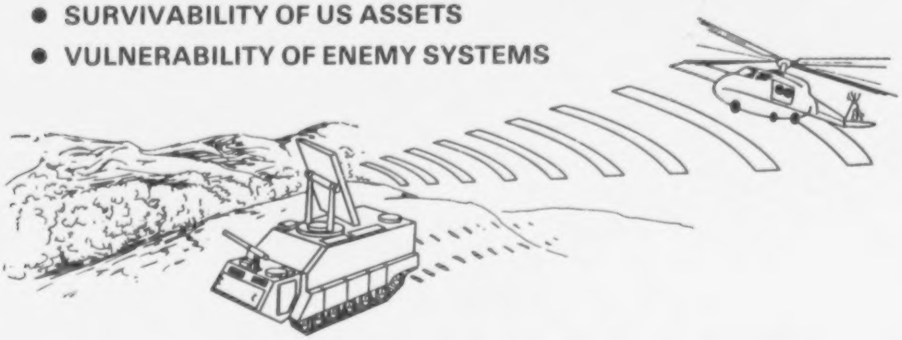
The project areas are: advanced guns and projectiles, advanced weapons, mine/counter-mine technology, and material phenomenology and modeling.

BALANCED TECHNOLOGY INITIATIVE

HIGH POWER MICROWAVES

DEVELOP COMPREHENSIVE UNDERSTANDING OF HPM EFFECTS — PROBLEMS/POTENTIAL

- SURVIVABILITY OF US ASSETS
- VULNERABILITY OF ENEMY SYSTEMS



PROJECT AREAS — EFFECTS, HARDENING, COMPONENTS, PROPAGATION/PHENOMENOLOGY, METHODOLOGY

The next category is high power microwaves, a smaller effort, a $15 million effort, to develop a comprehensive understanding of high powered microwave effects, their problems and potential, both from the standpoint of survivability, enhancing the survivability of our own assets, and creating vulnerability to enemy assets.

The project areas are: effects, hardening components, propagation, phenomenology and methodology.

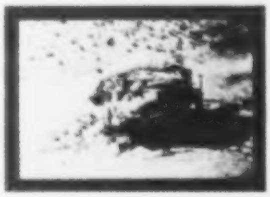
BALANCED TECHNOLOGY INITIATIVE

SPECIAL TECHNOLOGY OPPORTUNITIES

- HIGH PAYOFF POTENTIAL
- TECHNICAL FOCUS OUTSIDE 4 MAJOR THRUST AREAS

REPRESENTATIVE PROJECTS

- ENHANCED BLAST MUNITIONS
- CRUISE MISSILE ADVANCED GUIDANCE
- ADVANCED CLOSE AIR SUPPORT TECHNOLOGY



The last category, special technology opportunities, is a collection of projects with high potential payoff, and these are for technical efforts that are outside the four major thrust areas. Representative projects are enhanced blast munitions, cruise missile advanced guidance, and advanced close air support technology.

I have not made final decisions regarding new approaches to developing the content or altering the management structure of this program. But I have reached several conclusions, and I would like to discuss those.

First, the original program developed with fiscal year 1987 funds has provided a solid foundation for a beginning for the Balanced Technology Initiative. Given the absence of an incumbent DDR&E and other circumstances which prevailed in the Pentagon over the year or so that this program was developed, I believe the staff of the Office of the Secretary of Defense, the services, and the defense agencies did a fine job of laying the groundwork for future efforts.

As our experience has evolved, however, conditions have changed. We now have a reasonably stable management structure within the Office of the Under Secretary of Defense for Acquisition, including an incumbent DDR&E.

As you know, by law that was created by this Congress, the DDR&E is responsible for this program. The Department has supported the program with a request—that is, the Defense Department has supported this program with a request—for $238 million in our amended fiscal year 1989 budget.

Under the circumstances, I believe it is time for us to begin to sharpen the focus of our efforts in BTI. First, we need to identify our most critical deficiencies—for example, nonnuclear, air-land battlefield.

Then we need to pick a timeframe: Should it be 5 years? Should it be 10 years? And ask ourselves, what kind of capabilities we would like to develop and address those deficiencies, what are our objectives?

Having identified our objectives in terms of enhanced military capabilities, we would then design a program of development and demonstration efforts to achieve those objectives.

I believe most of the projects currently under way in BTI would support such a goal, although some are only 1 or 2 year projects. Others are judged to be of marginal utility.

For projects deemed to be of marginal utility, I would suggest we pull the plug on their life support system and direct the freed-up funds elsewhere as they become available.

As we design a more focused program, we want to be sure that the program achieved its objectives of accelerating the development of—and I use the quote out of the law—"promising new technologies that could substantially advance our conventional defense capabilities."

At the same time, however, we need to maintain a strong relationship between BTI and the other R&D work ongoing at the Department of Defense. Since the amounts of money likely to be available from BTI are small relative to the billions of our overall R&D budget, there must be strong synergism between BTI and the rest of the Department's related R&D. We need to develop management structure approaches to encourage this synergism.

As an example, a rough estimate from our S&T program—that is budget categories 6.1, 6.2, and 6.3A—indicates that we plan to spend about $300 million on efforts directly related to smart weapons in the Department during fiscal year 1988. In trying to measure directly related expenditures, we have excluded such items as generic electronics development, improved algorithms, and so forth.

Of this $300 million in directly related funding, only about 10 percent, or $30 million, will be BTI funding in the smart weapons part of the BTI program for fiscal year 1988.

Here I must emphasize these are rough estimates since we do not keep our books by selected technology areas. Consequently, developing estimates by these selected technology areas requires a good deal of discretion on the part of the estimator.

The bottom line of all of this is the challenge we face as managers of BTI. The Department is already spending considerable sums of money on technology efforts that are vital to conventional defense improvement. As a matter of fact, it has been estimated that 70 percent of our S&T budget is related to conventional defense.

How can we take the incremental resources available from BTI and make sure they contribute the maximum possible leverage to our overall efforts in critical technology areas? Though we do not yet have a final decision to announce on how to meet this management challenge, in contrast to what Senator McCain said that he thought we were doing, I will be happy to share the state of my current thinking in this regard in response to questions.

Finally, with respect to cooperative R&D issues, my personal view is that we and our allies need to pool our best technological capabilities and provide for our common defense. Though I am sensitive to technology security concerns, I still believe we need to do more cooperatively. Some strengthening of the relationship between BTI and our NATO cooperative efforts may be useful in this regard.

That ends my verbal statement, Mr. Chairman.

[The prepared statement of Dr. Duncan follows:]

PREPARED STATEMENT BY DR. ROBERT C. DUNCAN, DIRECTOR DEFENSE RESEARCH AND ENGINEERING

Good afternoon. I am Robert C. Duncan, Director of Defense Research and Engineering. It has been my pleasure to appear before you on numerous previous occasions, both in my present position and earlier as Director of the Defense Advanced Research Projects Agency (DARPA), to discuss various aspects of Department of Defense Research, Development, Test, and Evaluation (RDT&E) programs. I am pleased to be here again today to discuss the Balanced Technology Initiative (BTI). In my prepared statement, I will review certain background details regarding the establishment of the program by Congress and its subsequent development and implementation within DoD, address important program management and funding issues, cite some early program accomplishments, and close with a discussion of the military significance of BTI program activities.

Background

The Balanced Technology Initiative was established in Fiscal Year 1987 by the 99th Congress to provide additional support for the development of "promising new technologies that could substantially advance our conventional defense capabilities." Responsibility for the development of BTI program details was assigned to the Director of Defense Research and Engineering. Funds to initiate the program were appropriated directly to the Office of the Secretary of Defense (OSD) for subsequent apportionment to the Services and the Defense Agencies.

As stated in the National Defense Authorization Act for Fiscal Year 1987, these funds were to be used to "expand research on innovative concepts and methods of enhancing conventional defense capabilities," and to promote "restoration of the conventional defense technology base." Some of this language was repeated in the Authorization Act for Fiscal Years 1988 and 1989, which also emphasized the need "to take full advantage of the technological superiority of the United States and its allies..." to effectively counter the capabilities and tactics of the Soviet Union and other Warsaw Pact countries.

A detailed and substantive BTI program plan was subsequently developed by technical and operational experts within the Department of Defense. The process involved extensive participation by the Army, Navy, and Air Force. A comprehensive report describing the program planning process, specific objectives and the military significance of each selected project, and providing funding profiles required to maintain program progress over a five-year period, was submitted to Congress in May 1987. The report also provided additional requested information pertaining to the applications of technology developed under the Strategic Defense Initiative (SDI) program to conventional defense, as well as certain details of ongoing conventional defense research and development by the Defense Agencies and the Services.

The Balanced Technology Initiative program was structured to "make a difference" in a few technology areas considered critical to the successful conduct of conventional defense missions. The program includes work in five categories:

(1) Smart Weapons Technology. The overall objective of this work is to accelerate the advancement of technologies important to the development of next-generation, fire-and-forget, autonomous weapons employed by conventional forces. Such weapons can provide significant force-multiplier

advantages for both short- and longer-range engagements. The work includes efforts involving advanced sensors and seekers, autonomous guidance and automatic target recognition (ATR), and addressing the producibility of components.

(2) RSTA/BMC3 Technology (RSTA - for Reconnaissance, Surveillance, and Target Acquisition; BMC3 - for Battle Management, Communications, Command, and Control). The overall objective of this work is to advance technologies important in obtaining, processing, passing, and using information vital to maximizing the battlefield effectiveness of conventional forces. The work includes developments in the areas of surveillance and targeting, as well as efforts related to information management.

(3) Armor/Anti-Armor Technology. The overall objective of this work is to promote increased survivability and more effective retaliatory warfighting capabilities for US and Allied conventional forces, primarily those forces involved in ground combat. The projects included in this category are intended to complement or supplement ongoing activities included in the joint DARPA/Army/Marine Corps program. The work involves projects in the areas of advanced guns and projectiles, new weapons concepts, mine/countermine technology, and materials/phenomenology/modelling needed to accelerate the pace of advanced armor and munitions development.

(4) High Power Microwaves (HPM). The principal overall objective of this work is to develop a comprehensive understanding of the effects of HPM on tactical weapons systems and other military equipment to assure the survivability of US assets and to hold potentially vulnerable enemy systems at risk. A second important objective is to develop HPM weapons technology for possible use on tactical battlefields of the

future. Primary efforts include work in the areas of effects testing, hardening, and systems components development.

(5) Special Technology Opportunities. The projects included in this category were selected based on their recognized importance to conventional defense, frequently broad applicability, and high payoff potential. The technology focus for each of these efforts was not identifiable with the four major thrust areas of the overall BTI program. Representative projects include work involving enhanced blast munitions, superconducting ceramic materials, and cruise missile advanced guidance.

Summary charts that describe the overall program and each of the five categories are provided in an appendix to this prepared statement. Also included in the appendix are separate charts for each category that list the specific projects. Detailed descriptions for all of the projects were contained in the May 1987 report submitted to Congress.

Program Management

Following submission of the report to Congress, steps to implement the program were taken by suballocating the required funds to the Services and the Defense Agencies, primarily the Defense Advanced Research Projects Agency (DARPA). Approximately two-thirds of the program is being executed by the Services and about one-third by DARPA. A briefing-to-industry was presented in August 1987 to acquaint representatives of more than 300 potential participating organizations (primarily from industry, but with additional representatives from academia and national laboratories) with the overall objectives of the program and to provide information for each specific project. A comprehensive, unclassified document describing the program and identifying principal points-of-contact was prepared and widely distributed. Since that time, most work involving the publication of broad agency announcements and requests for proposals, proposal evaluation and selection, and contracting has been completed, and the numerous technology development and demonstration efforts comprising the program are underway. For a number of projects, significant early progress has been made. A few projects have not yet been started primarily due to contracting delays. We expect these activities to begin soon.

The Balanced Technology Initiative program is being managed as a special RDT&E activity under my direction. The BTI work is considered to be an important new element of the DoD Science and Technology Program, which encompasses more than $5 billion of defense research and development. This program, under the direction and oversight of the Deputy Under Secretary for Research and Advanced Technology, includes much additional work related to conventional defense. A recent analysis indicated that more the 70% of this work supports the development of technologies important to conventional warfare, reflecting a longstanding US commitment to addressing this need. Nevertheless, the BTI projects are of great importance in allowing promising new work to be expeditiously started and in accelerating the transition of technology toward full-scale development and into the field.

I have recently completed an in-depth review of the entire BTI program. I examined ongoing work in each of the five program categories on a project-by-project basis. The detailed briefings were prepared and presented by Dr. William E. Snowden, Special Assistant to the Deputy Under Secretary for Research and Advanced Technology. Dr. Snowden has had major responsibilities related to BTI program planning and implementation since funds for the program were appropriated early in Fiscal Year 1987. Specific objectives and the mission impact or military significance of each project were discussed, operational scenarios were described where appropriate, and project status - including funding - was reviewed. Participating in some of these reviews was Mr. Donald Fredericksen, Deputy Under Secretary for Tactical Warfare Programs, who has a keen appreciation for the contributions of emerging technological capabilities to developing conventional defense systems.

As a result of this in-depth review, I have become a stronger proponent of the BTI program. It is my judgment that the program we have developed is a sound one. The content overall reflects a reasonable balance of focused technology development work (about 60% of the overall program) and technology demonstration efforts (about 40%) that clearly offers significant near-term and longer-term opportunities for enhancing the capabilities of our conventional forces. Within each of the categories, the overall project activity is structured to support multiple, interrelated facets of the technology area being addressed. This is perhaps most evident in the Smart Weapons Technology category: several projects address problems related to the development of advanced sensors and seekers, while other projects deal with the development of autonomous guidance and automatic target recognition capabilities required for their most effective use. But - significantly - the third project area within the category addresses the producibility of smart weapons components. This work recognizes that to enhance US and Allied conventional defense capabilities through the use of autonomous, fire-and-forget smart weapons, such weapons must be deployed in sufficient quantities to assure preparedness, promote deterrence, and provide for an effective and sustained response as required to meet critical mission objectives. This requirement can only be met if the costs of smart weapons can be reduced to levels considerably below costs associated with the manufacture of sophisticated weapons today - and if component (and hence system) reliability can be improved.

Numerous early program accomplishments were highlighted in the technical review. I want to mention a few of them today. For the High Performance IR Seeker project being executed by the Navy, structural and optical performance tests of IR domes have been carried out under hypersonic test conditions; these tests addressed a critical problem in the development of advanced missiles - the ability of an IR seeker to operate in the local high-temperature environment generated by hypersonic flight. Both nose-mounted and side-mounted seeker designs have been developed. For a DARPA project titled Automatic Target Recognition (ATR) for Smart Weapons, work by Lincoln Laboratory to upgrade an existing aircraft-mounted multi-sensor suite has been completed. This suite represents "best-in-the-world" target detection and identification capability. For the Command Adjusted Trajectory (CAT) project being carried out by the Army, maneuverable command-adjusted projectiles have been designed, and successful wind tunnel tests have been completed; controlled trajectory-diversion capabilities have been demonstrated. CAT projectiles will enable ground combat vehicles to engage and defeat maneuvering airborne targets (helicopters). Finally, as a last example, for an Air Force project titled Cruise Missile Advanced Guidance, captive flight tests by two different defense contractors have demonstrated excellent sensor performance against simulated classified targets. Sensor performance is critical to achieving precision delivery accuracy and target destruction.

In completing this program review, I have also identified a few projects where some special management action may be necessary to assure that the overall objectives of the BTI program will continue to be met. In a few instances, lengthy startup delays in executing project work have been experienced. The implementation process - including planning by the executing organizations; proposal solicitation, review, and selection; and contracting - seems to be taking longer than necessary. Of course, delay is not necessarily bad; we are trying to spend all of the BTI resources wisely, not necessarily quickly. If it becomes necessary to redirect certain resources to other projects to assure their effective obligation, this action will be taken. In another, more specific instance, we have some concerns regarding the project titled Tactical Missile Interceptor Technology. Our intent in this instance was to accelerate the development of guidance-and-control and warhead-and-fuze technologies critical to the performance of tactical missile interceptors needed to increase the survivability of US and Allied conventional forces and other military assets. The Army has instead pursued a much-broader set of objectives that I believe should be addressed in a more-comprehensive Army-funded Tactical Missile Defense program. We are currently working with the Army to resolve the matter.

I am aware that some concern has been expressed regarding the number of projects included in the BTI program as originally developed and reported to Congress. However, based on my recent detailed review of the program I do not see this situation as a significant problem. Several projects were supported for only one year to provide critically-needed funds for important activities already planned or in-progress. For example, BTI program support for the Advanced Short Takeoff/Vertical Landing

(ASTOVL) Technology project helped to maintain early momentum on a joint US/UK effort initiated in 1986 as part of the NATO Cooperative Research and Development Program. In addition, one-time support for the development of an experimental flash x-ray test facility at Los Alamos National Laboratory was provided to accelerate progress in the development of advanced armors and armor-penetrating munitions under the DARPA/Army/Marine Corps Armor/Anti-Armor Program. The original BTI program plan calls for some additional projects to be supported for only two years. Examples include the Digital Topographic Support System (DTSS) project, which is accelerating Army development of a combat terrain information system that will facilitate rapid planning and more effective execution of tactical battlefield operations; and the Navy project titled High Energy Laser for Ship Defense, which is conducting realistic lethality demonstrations to assess the potential of a high-energy laser to meet future surface ship defense requirements. About half of the projects have planned funding profiles extending over a five-year period. However, as prudent program management requires, continued funding for any specific project is contingent upon technical progress and accomplishments, updated assessment of payoff potential, and available resources.

Program Funding

Total funding committed to Balanced Technology Initiative program efforts initiated using the appropriated FY 1987 resources was $182 million. More than 85% of these resources have been obligated to date. For Fiscal Year 1988, the National Defense Authorization Act for Fiscal Years 1988 and 1989 authorized $300 million to continue the earlier BTI program activity and $200 million to start new projects. However, only $100 million was actually appropriated for the program.

Because of usual delays in starting up defense programs - delays associated with planning, solicitation and review of work proposals, and contracting - the BTI program is spending Fiscal Year 1987 funds well into 1988. An analysis of program obligation and expenditure rates to date has indicated that program continuity can be maintained into Fiscal Year 1989 using the $100 million appropriated in Fiscal Year 1988. To expand the program, an additional $100 million will be made available by reprogramming within RDT&E accounts of the Services. A higher level of funding for this program is not possible given total Fiscal Year 1988 resources. The reprogramming action is currently being processed within the Office of the Secretary of Defense, and the proposed package will be submitted to Congress soon.

The revised budget request for Fiscal Years 1988/1989 included a figure of $238 million to provide for orderly continuation of the program in that year. Funding plans for subsequent years are currently being developed.

BTI Work and Military Utility

The Balanced Technology Initiative is a technology development and demonstration program, as I emphasized in earlier remarks. However, in developing the BTI program plan, a sharp focus was maintained on operational need and potential armed forces utility. Technology development and demonstration work alone does not improve the peacekeeping and warfighting capabilities of our military forces. It is the timely and effective implementation of promising new technologies that produces real battlefield benefits. In that regard, it is useful to view the activities of the BTI program from the perspective of existing US warfighting guides, in particular the

AirLand Battle Doctrine of the Army and the Air Force, and the Navy Maritime Strategy. Many of the elements of AirLand Battle are also included in the NATO Follow-On Force Attack (FOFA) Doctrine.

AirLand Battle Doctrine embodies battle tactics developed primarily for conventional conflict in Europe. It recognizes that in any major future European conflict, US and Allied forces must be prepared - and able - to fight outnumbered and win. Basic elements of AirLand Battle include initiative, agility, depth, and synchronization. These elements are, of necessity, interrelated. In a clearer sense, what is required is the development of a fluid defense at the FLOT (forward line of troops); highly mobile forces over the range of the larger battlefield; an emphasis on counterattack capabilities, including the ability to maneuver in depth; the use of accurately-delivered, concentrated firepower (e.g., from artillery, aircraft, and deep battle weapons) to split the tactical and operational levels of war; and coordinated air and ground actions.

The BTI program can impact all of these areas. Efforts involving Digital Topographic Support System (DTSS) development, aided and automatic target recognition (ATR), an advanced data link, combat vehicle command and control, and advanced close air support technology may all contribute to improved force agility and more effective control of the flow of battle. Force mobility over greater distances will be enhanced by improvements in communications and surveillance systems, and by the accelerated development of new methods for mine clearing. BTI efforts related to improving counterattack capabilities for US conventional forces include much of the work in the Smart Weapons Technology program category: advanced sensor and seeker projects, projects involving autonomous guidance and ATR technology, a long-range sensor-fuzed weapon project (titled Deep Battle Weapon Concept), and work to develop guided tactical hypervelocity projectiles. Counterattack capabilities will be additionally enhanced through BTI-supported developments in the areas of advanced guns and kinetic energy weapons, as well as through work on advanced on- and off-route mines that can greatly restrict enemy freedom of action. Many of the just-mentioned Smart Weapons Technology development activities apply equally well in facilitating effective delivery of both short- and long-range ordnance. Effective firepower is critical to seizing the initiative by frustrating enemy commitment to a planned course of action.

Principles of naval warfare represented in the Navy Maritime Strategy cover three phases. Phase I addresses deterrence and the transition to war. This phase is characterized by forward deployment of naval forces worldwide, with aggressive positioning of ASW elements. Phase II involves seizing the initiative. Dominance is sought through forceful engagement of enemy submarine, surface, and air assets, together with amphibious action, mining, and mine-clearing as needed. Phase III continues the destruction of enemy vessels and other military targets, employs amphibious assault forces to regain territory, and provides available carrier air strength to support the land war.

The principal contribution of the BTI program to Phase I of the Maritime Strategy is through support for expanded work in the area of undersea surveillance. Knowledge of the locations and movements of enemy submarines improves our overall defense posture, thereby reducing the risk of war, but also promotes an effective, rapid response to open hostilities. Successful implementation of Phase II and Phase III requires effective ASW actions, surface ship and submarine self-protection capabilities, lethal and accurate weapons to strike at enemy targets, and materiel to support amphibious operations. Relevant BTI program work includes efforts to develop improved torpedo warheads, a submarine anti-torpedo weapon, high energy lasers for ship defense against cruise missile and tactical ballistic missiles (TBMs), advanced target acquisition capabilities for ship defense, the CATFAE (Catapult-Launched Fuel-Air Explosive) surf zone mine-clearing system, and many of the Smart Weapons Technology projects.

We have also examined the BTI program activity and potential payoff in the context of the Conceptual Military Framework (CMF) developed by SACEUR. The CMF is intended to provide a "basis for establishing priorities for the selection and application of emerging technologies in meeting military requirements" for Allied Command Europe. It defines nine key mission components required for deterrence and defense and serves to identify deficiencies in current SHAPE (Supreme Headquarters Allied Powers Europe) military capabilities. One of these key mission components is FOFA (Follow-On Forces Attack). The correlation between BTI program activity and the military needs emphasized in the CMF is strong. I am very confident that BTI program successes will indeed promote significant enhancement of US and Allied conventional defense capabilities.

Concluding Remarks

In closing, I want to again affirm my strong support for the Balanced Technology Initiative and its objectives. The program has special importance in view of the recent INF Treaty and the growing need to improve the defensive capabilities of US and Allied conventional forces in Europe. I believe that the technology development and demonstration program we have implemented is a sound and responsive one that properly addresses both near-term and longer-term conventional defense needs. We intend to provide continuing effective development and management of the program to assure that its objectives and full potential will be realized. Maintaining a strong and balanced defense program is of critical importance for assuring the national security of the United States and the well being of our Allies now and into the future.

APPENDIX

BALANCED TECHNOLOGY INITIATIVE

SMART WEAPONS TECHNOLOGY

OVERALL OBJECTIVE: TO ACCELERATE DEVELOPMENT OF TECHNOLOGIES OF CRITICAL IMPORTANCE TO NEXT-GENERATION FIRE-AND-FORGET, AUTONOMOUS WEAPONS EMPLOYED BY CONVENTIONAL FORCES

- IMPROVE TARGET ACQUISITION, IDENTIFICATION, AND HIT CAPABILITIES; DEVELOP TARGET PRIORITIZATION SCHEMES
- FOR BOTH SHORT- AND LONGER-RANGE ENGAGEMENTS
- PROVIDE SIGNIFICANT FORCE-MULTIPLIER POTENTIAL

PRINCIPAL PROJECT AREAS

- ADVANCED SENSORS/SEEKERS
- AUTONOMOUS GUIDANCE/AUTOMATIC TARGET RECOGNITION (ATR)
- PRODUCIBILITY OF COMPONENTS

8 3203

BALANCED TECHNOLOGY INITIATIVE
SMART WEAPONS TECHNOLOGY

ADVANCED SENSORS/SEEKERS

PAYOFF

- IMPROVE UTILITY OF EXISTING WEAPONS
- ENABLE DEVELOPMENT OF VERSATILE NEW WEAPONS

SPECIFIC PROJECTS

- MILLIMETER WAVE (MMW) SEEKER DEMONSTRATION
- HIGH PERFORMANCE INFRARED (IR) SEEKER
- JOINT IR/LASER SEEKER
- MULTI-MISSION SEEKER DEVELOPMENT

BALANCED TECHNOLOGY INITIATIVE
SMART WEAPONS TECHNOLOGY

AUTONOMOUS GUIDANCE & AUTOMATIC TARGET RECOGNITION

PAYOFF

- PRECISION DELIVERY TO SELECTED TARGETS
- DEEP ATTACK CAPABILITY (FIRE-&-FORGET)
- INCREASED SURVIVABILITY, REDUCED CASUALTIES

SPECIFIC PROJECTS

- AUTONOMOUS GUIDANCE FOR CONVENTIONAL WEAPONS
- AUTOMATIC TARGET RECOGNITION FOR SMART WEAPONS
- SUBMARINE ANTI-TORPEDO WEAPON
- DEEP BATTLE WEAPON CONCEPT
- GUIDED TACTICAL HYPERVELOCITY PROJECTILES

BALANCED TECHNOLOGY INITIATIVE
SMART WEAPONS TECHNOLOGY

PRODUCIBILITY OF SMART WEAPONS COMPONENTS

PAYOFF

- GREATER AFFORDABILITY
- INCREASED RELIABILITY
- PRODUCTION SCHEDULES FOR WEAPON SYSTEMS

SPECIFIC PROJECTS

- MONOLITHIC IR FOCAL PLANE ARRAYS
- EXPERT SYSTEMS FOR MANUFACTURE OF SMART WEAPONS COMPONENTS
- IRFPA PRODUCIBILITY

BALANCED TECHNOLOGY INITIATIVE
RSTA/BMC3 TECHNOLOGY

OVERALL OBJECTIVE: TO ADVANCE TECHNOLOGIES IMPORTANT IN OBTAINING, PROCESSING, PASSING AND USING INFORMATION VITAL TO MAXIMIZING BATTLEFIELD PERFORMANCE OF CONVENTIONAL FORCES

- INFORMATION CAN PROVIDE A STABILIZING EFFECT IN TIMES OF CRISIS
- ENHANCE PRE-CONFLICT POSTURING OF DEFENSE FORCES AND POST-ATTACK RETALIATORY CAPABILITIES (OFFENSIVE/DEFENSIVE)
- FIND, FIX, TARGET, AND ENGAGE ENEMY FORCES AND ASSETS
- PROMOTE HIGH LEVELS OF ECONOMY OF FORCE

PRINCIPAL PROJECT AREAS

- SURVEILLANCE TECHNOLOGY
- TARGETING TECHNOLOGY
- INFORMATION MANAGEMENT

BALANCED TECHNOLOGY INITIATIVE
RSTA/BMC3

SURVEILLANCE TECHNOLOGY

PAYOFF

- PROVIDES DETAILED INFORMATION ON LOCATION AND POSTURE OF ENEMY FORCES
- PROMOTES EFFECTIVE COUNTERACTION

SPECIFIC PROJECTS

- UNDERSEA SURVEILLANCE
- TACNAT
- DTSS

BALANCED TECHNOLOGY INITIATIVE
RSTA/BMC3

TARGETING TECHNOLOGY

PAYOFF

- ALLOWS SELECTIVE CONCENTRATION OF FIREPOWER
- INCREASES OVERALL EFFECTIVENESS OF OUTNUMBERED FORCES - HIGH INTENSITY CONFLICT
- ONE-SHOT ONE-KILL CAPABILITY

SPECIFIC PROJECTS

- TARGET ACQUISITION FOR SHIP DEFENSE
- AIDED TARGET RECOGNITION
- FIBER OPTIC DATA LINK FOR AIR LAUNCHED WEAPONS

BALANCED TECHNOLOGY INITIATIVE
RSTA/BMC3

INFORMATION MANAGEMENT

PAYOFF

- CRITICAL TO RAPID PROCESSING/TRANSFERRING OF BATTLEFIELD DATA AND PLANS
- MORE EFFECTIVE BATTLEFIELD OPERATIONS-BETTER COORDINATION/SYNCHRONIZATION OF ACTIONS

SPECIFIC PROJECTS

- COMBAT VEHICLE COMMAND AND CONTROL
- OPTICAL SIGNAL PROCESSING TECHNOLOGY
- MULTI-SENSOR AUTOPROCESSOR TECHNOLOGY

BALANCED TECHNOLOGY INITIATIVE
ARMOR/ANTI-ARMOR TECHNOLOGY

OVERALL OBJECTIVE: TO PROMOTE INCREASED SURVIVABILITY AND MORE EFFECTIVE RETALIATORY WARFIGHTING CAPABILITY FOR U.S. CONVENTIONAL FORCES

- EXPAND ONGOING WORK CONCERNED WITH THE DEVELOPMENT OF ADVANCED ARMOR AND ANTI-ARMOR WEAPONS SYSTEMS
- COMPLEMENTARY/SUPPLEMENTARY TO EXISTING DARPA/ARMY/USMC PROGRAM
- INCLUDES BOTH SYSTEM-SPECIFIC PROJECTS AND IMPORTANT TECHNOLOGY BASE ACTIVITIES

PRINCIPAL PROJECT AREAS

- ADVANCED GUNS AND PROJECTILES
- ADVANCED WEAPONS
- MINE/COUNTERMINE TECHNOLOGY
- MATERIALS/PHENOMENOLOGY/MODELLING

BALANCED TECHNOLOGY INITIATIVE
ARMOR/ANTI-ARMOR TECHNOLOGY

ADVANCED GUNS & PROJECTILES

PAYOFF

- SIGNIFICANT IMPROVEMENTS IN ANTI-ARMOR FIREPOWER
- HIGHER VELOCITIES - BETTER ACCURACY, GREATER LETHALITY

SPECIFIC PROJECTS

- ENHANCED KINETIC ENERGY WEAPONS
- LIQUID PROPELLANT GUN
- ADVANCED COMPOSITE GUN
- COILGUN TECHNOLOGY DEVELOPMENT

BALANCED TECHNOLOGY INITIATIVE
ARMOR/ANTI-ARMOR TECHNOLOGY

ADVANCED WEAPONS

PAYOFF

- NEW WAYS TO DEFEAT HARD TARGETS
- TANKS, COMBAT-SUPPORT AIRCRAFT, DOUBLE-HULLED SUBMARINES

SPECIFIC PROJECTS

- SHORT RANGE ANTI-TANK WEAPON
- COMMAND ADJUSTED TRAJECTORY
- FOLLOW-THROUGH TORPEDO WARHEAD
- GROUND-LAUNCHED HELLFIRE

8-3387

BALANCED TECHNOLOGY INITIATIVE
ARMOR/ANTI-ARMOR TECHNOLOGY

MINE/COUNTERMINE TECHNOLOGY

PAYOFF

- FACILITATES ATTRITION, DELAY, DISRUPTION OF ENEMY OFFENSIVE MANEUVERS
- ENABLES BREACHING OF MINE BARRIERS, EXECUTION OF FAST-PACED ASSAULTS

SPECIFIC PROJECTS

- ADVANCED MINE/COUNTERMINE TECHNOLOGY
- AMPHIBIOUS ASSAULT COUNTERMINE SYSTEM

BALANCED TECHNOLOGY INITIATIVE
ARMOR/ANTI-ARMOR TECHNOLOGY

MATERIALS/PHENOMENOLOGY/MODELLING

PAYOFF

- GREATER FLEXIBILITY & ACCELERATED DESIGN/DEVELOPMENT/EVALUATION OF MILITARY SYSTEMS
- MORE-AFFORDABLE HIGH-PERFORMANCE ARMOR & ADVANCED MUNITIONS

SPECIFIC PROJECTS

- ARMOR MATERIALS
- ENHANCED COMPUTATIONAL CAPABILITIES FOR ADVANCED WEAPON SYSTEM DEVELOPMENT
- PENETRATOR/TARGET INTERACTION FLASH X-RAY FACILITY

8-3367

BALANCED TECHNOLOGY INITIATIVE

HIGH POWER MICROWAVES (HPM)

OVERALL OBJECTIVE: TO DEVELOP A COMPREHENSIVE UNDERSTANDING OF THE EFFECTS OF HPM ON TACTICAL WEAPONS SYSTEMS TO ENSURE SURVIVABILITY OF U.S. ASSETS AND TO HOLD POTENTIALLY VULNERABLE ENEMY SYSTEMS AT RISK

- DETERMINE SUSCEPTIBILITY OF U.S. AND FOREIGN WEAPONS SYSTEMS AND COMPONENTS TO HPM
- DEVELOP HARDENING TECHNOLOGY REQUIRED TO INCREASE SURVIVABILITY OF U.S. ASSETS
- DEVELOP HPM WEAPONS TECHNOLOGY FOR POSSIBLE USE ON TACTICAL BATTLEFIELDS OF THE FUTURE

WORK AREAS: EFFECTS TESTING, HARDENING, COMPONENTS DEVELOPMENT, PROPAGATION/PHENOMENOLOGY, AND METHODOLOGY

HIGH POWER MICROWAVE PROJECTS

- HPM EFFECTS TESTING
- HMP HARDENING
- HPM COMPONENTS DEVELOPMENT
- HPM PROPAGATION/PHENOMENOLOGY
- HPM METHODOLOGY

SPECIAL TECHNOLOGY OPPORTUNITY PROJECTS

- TACTICAL MISSILE INTERCEPTOR TECHNOLOGY
- HIGH ENERGY LASER FOR SHIP DEFENSE
- ENHANCED BLAST MUNITIONS
- ASTOVL TECHNOLOGY
- ACTIVE OPTICAL COUNTERMEASURES (AOCM)
- HIGH POWER/ENERGY DENSITY BATTERIES
- SUPERCONDUCTING CERAMIC MATERIALS
- CRUISE MISSILE ADVANCED GUIDANCE
- ADVANCED CLOSE AIR SUPPORT TECHNOLOGY

Senator Bingaman. Thank you very much, Dr. Duncan.

Before we have any questions we will hear from Mr. Kloske, who is our second witness. He is the Department's trade and defense cooperation advocate and special advisor for NATO armaments, Deputy Under Secretary of Defense for Planning and Resources, and chairman of the Defense Policy Advisory Committee on Trade.

You also do what?

Mr. Kloske. Oh, I have nothing else to do. [Laughter.]

Senator Bingaman. Well, obviously, with that list of responsibilities, you are ideally suited for this panel. We are glad to hear from you.

STATEMENT OF DENNIS E. KLOSKE, SPECIAL ADVISOR TO THE DEPUTY SECRETARY OF DEFENSE FOR ARMAMENTS

Mr. Kloske. Thank you very much, Mr. Chairman. I am very pleased to appear before you and other members of the committee to discuss the relationship between competitive strategies, the Balanced Technology Initiative, and trans-Atlantic defense cooperation.

Senator Warner. Mr. Chairman, let me ask the witness how he intends to proceed with respect to the statement that he has provided to the committee. Mr. Kloske, are you now addressing the statement or a condensed version of it?

Mr. Kloske. I intend to read the statement very quickly, Mr. Warner.

Senator Bingaman. Go right ahead. Summarize wherever possible, but go right ahead.

Mr. Kloske. I shall, sir. I shall try to read as quickly as I can.

Facing increasingly austere defense budgets and escalating costs of military equipment, alliance leaders have recently focused their attention on improving NATO conventional defenses through more effective arms cooperation.

Crystallizing this concern was the enactment in 1985 of the Nunn-Roth-Warner amendment which, for the first time in the history of the alliance, provided a legislative and financial framework for arms cooperation focusing on the areas of forward defense, follow-on forces attack, C^{3}I, offensive and defensive counter-air, and maritime defense.

Reinforced by the enabling Quayle amendment, the Nunn-Roth-Warner amendment offers financial incentives to the U.S. services to engage their allied counterparts in cooperative programs, and it stresses four key objectives which must underpin the alliance's arms cooperation objectives in the coming years. These are:

Reducing the cost of research and development programs to U.S. and European services by securing widespread financial participation in new cooperative programs;

Second, engaging and directing sustained allied defense investment into priority NATO military requirements;

Third, strengthening NATO conventional defenses by accelerating the fielding of capable equipment and developing inter-operability in as many areas as possible;

And finally, fostering widespread trans-Atlantic industrial teaming, the development of shorter management lead times, and the creation of more effective industrial cooperation procedures.

The amendment has been a great political success since its inception and has generated the signature of 12 research and development agreements in record time. While the Nunn-Roth-Warner amendment certainly will not overcome all national decisions to pursue the development of major weapons systems, it offers a very promising solution to the alliance's requirement to do better with what it has.

The real challenge now is to use the amendment and the success and momentum that it has generated to gradually widen the field for a greater number of arms cooperation projects in the coming years. This should be accomplished in a methodical and consistent fashion, and pragmatism and persistence on the part of defense officials on both sides of the Atlantic will be the key ingredients in the future success of this initiative.

Now, Mr. Chairman, there are several areas that the Department of Defense needs to focus on in the near term to maintain the momentum behind this initiative: First, we need to work out lighter and more flexible industrial management procedures with our European allies, in order not to encumber ambitious and complex cooperative programs with top-heavy bureaucratic structures.

While the Department is very satisfied with the high level of allied participation in cooperative programs, the high number of participants, which in some cases goes up to 9 or 10 nations, makes for extremely complex negotiating and management procedures.

We have been successful in reducing the length of time involved in negotiations, but I am still very concerned with the heaviness of industrial management structures which we are creating, as they make it only too easy for one or two nations to block further progress.

Now that we have established the credibility of the NATO defense cooperation program, we need to ensure that we impose discipline and flexibility on these cooperative programs based on the technological capability and financial resources of the participating nations.

Second, we must provide a stable financial environment for these cooperative programs, which may often take 10 to 12 years to reach fruition. On the one hand, the fiscal austerity that we are all facing may tempt the military departments to cut back on cooperative programs that may not fall within core priorities.

We have already undergone one serious test following the reopening of the 1989 Defense budget last winter and the results, I am glad to say, have been satisfactory for the financial viability of these programs.

On the other hand, the crunch on financial resources and the priorities that have been assigned to conventional defense modernization should encourage the services to seek cooperative partners in Europe to defray the cost of new R&D starts.

With these requirements in mind, I have introduced into the Department's defense guidance the requirement to expand the NATO R&D cooperative account funding level to $300 million annually by 1994. This is an objective that should be realized by 1994 and should provide the services with additional financial incentives and flexibility to seek out additional cooperative ventures.

Congress, needless to say, plays a determinant role in the shaping of the Department's budget, and we will look to this committee for strong support and leadership, particularly during the delicate transition phase between administrations.

Third, the Department needs to work harder on developing a flexible and reasonable framework to sustain technology transfer requirements inherent in all international cooperative programs. This is a most difficult task, as the tendency in the Department is to follow the path of least resistance on the grounds that it is too difficult and risky to sort out conflicting objectives.

When one adds that there is little consensus in the Department as to what these objectives should be, it is no surprise to anyone that cooperative programs can founder if technology transfer requirements are not addressed up front. Nevertheless, I have been working with my colleagues in the Department to see if we can develop some new analytical tools that will facilitate decisionmaking in the technology transfer area.

Over the last 9 months, we have used the Texas Instruments/Thomson CSF radar and the APG–65 radar for the European fighter aircraft consortium as test cases to develop analytical tools that would permit the Department to approve export licenses for long term cooperative programs. While these tools have not met universal acclaim, to say the least, they may offer a promising generic approach in dealing with these complex problems.

Finally, Mr. Chairman, we need to be more selective in choosing more ambitious programs that meet NATO's priority requirements. Programs that have been selected and negotiated to date do meet key military requirements, but I believe that we must narrow the focus and select programs that have a multiple payoff.

Two key examples the Department is currently pursuing under this approach are the Agile Falcon and the Hornet 2000. These two airplanes are ambitious modernization undertakings that should meet our aircraft requirements in this specific area in the 1990s and beyond, and which have been offered to the allies as cooperative programs.

The costs of developing these two airplanes is not insignificant. They range from $600 million to $1.2 billion for the Agile Falcon F-16 and $2.4 billion to $3.4 billion for the Hornet 2000.

The stakes, however, for NATO are tremendous. As the committee knows, the Europeans are pursuing their own independent aircraft programs that could easily cost $50 billion to $60 billion to acquire.

The total bill for the alliance, Mr. Chairman, for developing these four aircraft is estimated at between $70 and $80 billion. When you work all those four aircraft in, you should wonder how much more money will be left for seed development or modernization and improvement of NATO conventional defenses.

The high cost of developing these European aircraft programs could easily skew the defense budgets of our European allies for years to come and further reduce the financial resources available for other key military requirements.

Given the importance of these two cooperative programs, which will be submitted as candidates for Nunn-Roth-Warner funding, the Department will seek the endorsement and budgetary support of this committee in the coming weeks and months.

Before turning to the Balanced Technology Initiative and its role in supporting NATO cooperative programs, let me draw the attention of the committee to one area of growing concern for the future of trans-Atlantic cooperative programs. In a previous appearance before this committee, I stressed that growing political, economic, and national prestige pressures would push allied governments to give secondary preference to meeting military requirements when making defense investment decisions.

In other words, Mr. Chairman, there is a growing tendency in Europe to make defense investment decisions based on the need to maintain or develop a certain type of technological capability that preserves the competitiveness of the national defense industrial base, particularly in the area of exports.

This trend, which I describe as the industrial entitlements syndrome, will increasingly constrain the ability of NATO leaders to invest in cooperative programs which give first priority to meeting NATO military requirements on a trans-Atlantic basis.

The establishment of the Nunn-Roth-Warner amendment and its success to date offer a very promising mechanism to contain this trend. But we need to work harder to expand the scope of the amendment and to ensure that we can include more ambitious programs which can satisfy military and technological requirements on both sides of the Atlantic.

Now, if you will, Mr. Chairman, let me turn briefly to the relationship that I see between the Balanced Technology Initiative, competitive strategies, and the NATO defense cooperative programs.

As this committee is aware, the recent work of the competitive strategies task force has identified critical Soviet weaknesses in the pursuit of a theater-wide offensive against NATO allies. These weaknesses can be exploited by NATO based on the priority utilization of competitive capabilities emphasizing long range, highly accurate mobile systems.

The Department of Defense will carry out a series of simulation exercises this summer to validate the concepts, missions, and technologies that have been identified in the report and which would help establish the systems that need to be funded and at what level.

A significant number of these capabilities will be available to us in the early 1990s. Other long term capabilities will need to be identified, prioritized, and selected for accelerated funding.

It is very encouraging to see, Mr. Chairman, that the Balanced Technology Initiative, which was established by this committee as a means to develop a critical core of technologies to spearhead conventional defense modernization in the 1990s, can play a very strong role to support the implementation of competitive strategies programs.

The task force report recommended the application of high leverage systems to support counter-air, counter-penetration, and counter-troop control missions, all exploiting identified Soviet weaknesses in these areas.

Technologies now being developed under the Balanced Technology Initiative can support the development of capabilities for all three missions established in the competitive strategies report. Let me touch briefly on some of the BTI thrust areas that strongly support mission requirements for competitive strategies.

First, the smart weapons technology. Advanced sensors and seekers, autonomous guidance, and automatic target recognition will all be essential to developing highly accurate and reliable standoff systems that are a critical foundation of competitive capabilities identified in the Department's task force report.

The United States clearly has an advantage in this area for the 1990s, and it is essential to ensure that we earmark sufficient resources on a priority basis to accelerate the maturation and reliability of these technologies.

In the area of reconnaissance, surveillance, target acquisition, battle management, and C^3, this is a critical area for NATO, Mr. Chairman. While we increasingly have the ability to target enemy forces and installations throughout the central region theater, we are still encountering serious difficulties in acquiring and following his movements beyond visual range.

Failure to develop this capability to support long range standoff targeting will certainly undermine our competitive advantage in this area. We need to develop and integrate these target acquisition and C^3 technologies if we are to effectively exploit our capability to effectively attack Warsaw Pack forces throughout the theater.

In the area of armor/antiarmor, the development of advanced mine and counter-mine capabilities has been identified by the Competitive Strategies report as a key and priority requirement for NATO forces. The continuous deployment of minefields comprising smart antiarmor mines can significantly reduce the offensive tempo of Warsaw Pact forces, inflict significant levels of attrition, block his movement, and keep attacking forces out in the open long enough to be attacked by longer range systems.

Mine/counter-mine technologies have never been glamorous and have, therefore, not enjoyed priority funding by the military services. It is very encouraging for me to see that the BTI has highlighted the importance of these technologies as they can fully support the mission requirements identified in the Competitive Strategies report.

In the area of special technology opportunities, I would just like to highlight two. Work being accomplished in the areas of enhanced blast munitions and the improvement of cruise missile accuracy fully support technological requirements identified in the Competitive Strategies report.

Enhanced blast munitions can be used to target key Warsaw Pact assets, such as artillery and logistical support structures, and can also be used to attack critical Warsaw Pact C^3 installations.

Improving the accuracy of cruise missiles is also essential. Highly accurate long range cruise missiles, used in high volume, can provide NATO with a critical advantage in the 1990s, as they can inflict significant damage on critical Soviet installations while preserving NATO platforms for other important missions.

Finally, Mr. Chairman, there is one key objective of the BTI which needs to be highlighted as it directly affects the affordability and reliability of these systems. And that is the aspect of producibility.

While we will certainly enjoy a series of technological advantages over the Warsaw Pact in the coming years, these advantages will remain on paper if we cannot translate our technological potential into hardware and software that is reliable, affordable, and can be developed in significant industrial quantities.

The shift to highly accurate long range systems, supported by sophisticated C^3 capabilities, will not generate a competitive edge on the battlefield unless these systems can be deployed for high volume saturation use. A few hundred of each of these systems will not do the job, no matter how capable each of these systems is.

The notion of producibility needs to be applied throughout our whole high technology sector, particularly in view of the fiscal constraints we face in the alliance. My favorite example is Tacit Rainbow, a highly sophisticated system employing state of the art technologies, which has many applications beyond its air defense suppression role, which is relatively affordable and which can be procured in large industrial quantities.

In sum, Mr. Chairman, I believe that there is a very strong relationship between competitive strategies, the Balanced Technology Initiative, and the NATO defense cooperative program. Those capabilities which have been highlighted by the Competitive Strategies report can be supported by the Balanced Technology Initiative, which can in turn be selected for cooperative development with the allies on a priority basis.

While we still need to be mindful of security and technology transfer concerns, it is my belief that several of these promising technologies and capabilities can be selected for cooperative development. The United States cannot afford to develop all these capabilities on its own, nor can the alliance fully benefit from these capabilities if they are only deployed into U.S. Corps instead of throughout the NATO theater.

The United Kingdom, France, Germany, and Italy all have the technological capabilities and financial resources to participate in these programs. It is also important that we take the lead in identifying and offering for development those competitive capabilities that really make a difference when it comes to meeting NATO's conventional defense modernization requirements.

The Competitive Strategies report and the Balanced Technology Initiative offer a way ahead for priority modernization in NATO. The NATO defense cooperative program in turn provides the critical link to develop these capabilities on a trans-Atlantic basis.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Kloske follows:]

STATEMENT BY

DENNIS E. KLOSKE

DEPUTY UNDER SECRETARY OF DEFENSE
(PLANNING & RESOURCES)

Good afternoon Mr. Chairman, and Members of the Committee

I am pleased to appear before you to discuss the relationship between Competitive Strategies, the Balanced Technology Initiative, and transatlantic defense cooperation.

Facing increasingly austere defense budgets and escalating costs of military equipment, Alliance leaders have recently focused their attention on improving NATO conventional defenses through more effective arms cooperation. Crystallizing this concern was the enactment in 1985 of the Nunn-Roth-Warner Amendment which, for the first time in the history of the Alliance, provided a legislative and financial framework for armaments cooperation focusing on the areas of forward defense, follow-on forces attack, C^3I, offensive and defensive counterair, and maritime defense. Reinforced by the enabling Quayle Amendment, the Nunn-Roth-Warner Amendment offers financial incentives to the US Services to engage their allied counterparts in cooperative programs, and it stresses four key objectives which must underpin the Alliance's arms cooperation objectives in the coming years:

- Reducing the cost of research and development programs to US and European Services by securing widespread financial participation in new cooperative programs;
- Engaging and directing sustained Allied defense investment into priority NATO military requirements;
- Strengthening NATO conventional defenses by accelerating the fielding of capable equipment, and developing interoperability in as many areas as possible;
- Fostering widespread transatlantic industrial teaming, the development of shorter management lead times, and creation of more effective industrial cooperation procedures.

The Amendment has been a great political success since its inception, and has generated the signature of 12 research and development agreements in record time. (See Attachment A) While the Nunn-Roth-Warner Amendment certainly will not overcome all national decisions to pursue the development of major weapons systems, it offers a very promising solution to the Alliance's requirement to do better with what is has. The real challenge now is to use the Amendment, and the success and momentum that it has generated, to gradually widen the field for a greater number of arms cooperation projects in the coming years. This should be accomplished in a methodical and consistent fashion, and pragmatism and persistence on the part of defense officials on both sides of the Atlantic will be the key ingredients in the future success of this initiative.

There are several areas the Department of Defense needs to focus on in the near term to maintain momentum of the NATO defense cooperation program:

- First, we need to work out lighter and more flexible industrial management procedures with our European allies in order not to encumber ambitious and complex cooperative programs with top-heavy bureaucratic structures. While the Department is very satisfied with the high level of Allied participation in cooperative programs, the high number of participants which in some cases goes up to nine or ten nations makes for extremely complex negotiating and management procedures. We have been successful in reducing the length of time involved in negotiations but I am still concerned with the heaviness of industrial management structures we are creating as they make it only too easy for one or two nations to block progress in the cooperation program if somehow their objectives are not being satisfied. Now that we have established the credibility of the NATO Defense Cooperation Program, we need to insure that we impose discipline and flexibility on these cooperative programs based on the technological capability and financial resources of the participating nations.

- Second, we must provide a stable financial environment for these cooperative programs which may often take 10 to 12 years to reach fruition. On the one hand, the fiscal austerity that we are all facing may tempt the Military Departments to cut back on cooperative programs that may not fall within core priorities. We have already undergone one serious test following the reopening of the 1989 Defense Budget last winter and the results have been satisfactory for the financial viability of these programs. On the other hand, the crunch on financial resources and the priority that has been assigned to conventional defense modernization should encourage the Services to seek cooperative partners in Europe to defray the costs of new R&D starts. With these requirements in mind, I have introduced into the Department's Defense Guidance the requirement to expand the NATO R&D cooperative programs funding level to $300 million annually by 1994. This is an objective that should be realized by 1994 and should provide the Services with additional financial incentives and flexibility to seek out cooperative ventures. Congress, needless to say, plays a determinant role in the shaping of the Department's budget and we will look to this Committee for strong support and leadership, particularly during the delicate transition phase between Administrations.

- Thirdly, the Department needs to work harder on developing a flexible and reasonable framework to sustain technology transfer requirements inherent in all international cooperative programs. This is a most difficult task as the tendency in the Department is to follow the path of least resistance and simply prohibit the transfer of technology on the grounds that it is too difficult and risky to sort out conflicting objectives. When one adds that there is little consensus in the Department as to what these objectives should be, it is no surprise to anyone that cooperative programs can founder if technology transfer requirements have not been addressed from the beginning of a cooperative program. Nevertheless, I have been working with my colleagues in the Department to see if we can develop some new analytical tools that will facilitate decision making in the technology transfer area. Over the last nine months we have used the Texas Instruments/Thomson CSF radar and the APG-65 radar for the European Fighter Aircraft consortium as test cases to develop analytical tools that would permit the Department to approve export licenses for long-term industrial cooperative programs. While these tools have not met universal acclaim, they may offer a promising generic approach in dealing with these complex problems.

- Finally, we need to be more selective in choosing more ambitious programs that meet NATO's priority requirements. Programs that have been selected and negotiated to date do meet key military requirements, but I believe that we must narrow the focus and select programs that have a multiple payoff. Two key examples the Department is pursuing under this approach are the Agile Falcon and the Hornet 2000. These two airplanes are ambitious modernization undertakings that should meet our aircraft requirements in this specific area in the 1990's and beyond and which we have offered to the allies as cooperative programs. The costs of developing these two airplanes is not insignificant. They range from $600 million to $1.2 billion for the Agile Falcon, and $2.4 billion to $3.4 billion for the Hornet 2000. The stakes for NATO, however, are tremendous. As the Committee knows, the Europeans are pursuing their own independent aircraft programs that could easily cost $50 billion to $60 billion to acquire. (See Attachment B). The high costs of developing these European aircraft programs could easily skew the defense budgets of our European allies for years to come and further reduce the financial resources available for other key military requirements. Given the importance of these two cooperative programs which will be submitted as candidates for Nunn-Roth-Warner funding the Department will seek the endorsement and budgetary support of this Committee in the coming weeks and months. .

Before turning to the Balanced Technology Initiative and its role in supporting NATO cooperative programs, let me draw the attention of the Committee to one area of growing concern for the future of transatlantic cooperative programs. In a previous appearance before this Committee, I stressed that growing political, economic, and national prestige pressures, would push allied governments to give secondary preference to meeting military requirements when making defense investment decisions. In other words, there is a growing tendency in Europe to make defense investment decisions based on the need to maintain or develop a certain type of technological capability that preserves the competitiveness of the national defense industrial base, particularly in the area of exports. This trend, which I describe as the "industrial entitlements syndrome," will increasingly constrain the ability of NATO leaders to invest in cooperative programs which give first priority to meeting NATO military requirements on a transatlantic basis. The establishment of the Nunn-Roth-Warner Amendment and its success to date offer a very promising mechanism to contain this trend, but we need to work harder to expand the scope of the Amendment and to ensure that we can include more ambitious programs which can satisfy military and technological requirements on both sides of the Atlantic.

Let me now turn to the relationship between the Balanced Technology Initiative, Competitive Strategies, and the NATO Defense Cooperative Programs. As this Committee is aware, the recent work of the Competitive Strategies Task Force has identified critical Soviet weaknesses in the pursuit of a theater-wide offensive against NATO. These weaknesses can be exploited by NATO based on the priority utilization of competitive capabilities emphasizing on long-range, highly accurate, mobile systems. The Department of Defense will carry out a series of simulation exercises this summer to validate the concepts, missions, and technologies that have been identified in the report, and will establish which systems need to be funded and at what level. A significant number of these capabilities will be available to us in the early 1990's. Other longer term capabilities will need to be identified, prioritized, and selected for accelerated funding.

It is very encouraging to see that the Balanced Technology Initiative which was established by this committee as a means to develop a critical core of technologies to spearhead conventional defense modernization in the 1990's can play a very strong role to support the implementation of Competitive Strategies Programs. The Competitive Strategies Task Force Report recommends the application of high-leverage systems to support counterair, counterpenetration, and countertroop control missions, all exploiting identified Soviet weaknesses in these areas. Technologies now being developed under the Balanced Technology Initiative can support the development of capabilities for all three missions established in the Competitive Strategies Report. Let me touch briefly on some of the BTI thrust areas that strongly support mission requirements in the Competitive Strategies Report:

Smart Weapons Technology

Advanced sensors and seekers, autonomous guidance, and automatic target recognition will all be essential to developing highly accurate and reliable standoff systems that are a critical foundation of competitive capabilities identified in the Department's Task Force Report. The United States clearly has an advantage in this area for the 1990's and it is essential to ensure that we earmark sufficient resources on a priority basis to accelerate the maturation and reliability of these technologies.

Reconnaissance Surveillance Target Acquisition, Battle Management, and C^3

This is a critical area for NATO. While we increasingly have the ability to target enemy forces and installations throughout the Central Region Theater, we are still encountering serious difficulties in acquiring and following his movements beyond visual range. Failure to develop this capability to support long-range standoff targeting will certainly undermine our competitive advantage in this area. We need to develop and integrate these target acquisition and C^3 technologies if we are to effectively exploit our capability to attack Warsaw Pact Forces throughout the Theater.

Armor/Anti-Armor

The development of advanced mine/countermine capabilities has been identified by the Competitive Strategies Report as a key and priority requirement for NATO forces. The continuous deployment of minefields comprising smart anti-armor mines can significantly reduce the offensive tempo of Warsaw Pact forces, inflict significant levels of attrition, block his movement, and keep attacking forces out in the open long enough for rapid attack by NATO long-range systems. Mine/countermine technologies have never been glamorous and have, therefore, not enjoyed priority funding by Military Services. It is very encouraging to see that the BTI has highlighted the importance of these technologies as they can fully support the mission requirements identified in the Competitive Strategies Report.

Special Technology Opportunities

Work being accomplished in the areas of enhanced blast munitions and the improvement of cruise missile accuracy fully support technological requirements identified in the Competitive Strategies Report. Enhanced blast munitions can be used to target key Warsaw Pact assets such as artillery and logistical support structures, and can also be used to attack critical Warsaw Pact C^3 installations. Improving the accuracy of cruise missiles is also essential. Highly accurate long-range cruise missiles, used in high volume, can provide NATO with a critical advantage in the 1990's, as they can inflict significant damage on critical Soviet installations while preserving NATO platforms for other important missions.

Finally, there is one key objective of the BTI which needs to be highlighted as it directly affects the affordability and reliability of these systems. That is the aspect of producibility. While we will certainly enjoy a series of technological advantages over the Warsaw Pact in the coming years, these advantages will remain on paper if we cannot translate our technological potential into hardware and software that is reliable, affordable, and can be developed in significant industrial quantities. The shift to highly accurate long-range systems supported sophisticated C^3 capabilities will not generate a competitive edge on the battlefield unless these systems can be deployed for high volume saturation use. A few hundred of each of these systems will not do the job, no matter how capable each of the systems is. The notion of producibility needs to be applied throughout our whole high technology sector, particularly in view of the fiscal constraints we face in the Alliance. My favorite example is Tacit Rainbow, a highly sophisticated system employing state of the art technologies, which has many applications beyond its air defense suppression role, which is relatively affordable, and which can be procured in large industrial quantities.

In sum, Mr. Chairman, I believe there is a very strong relationship between the Competitive Strategies approach, the Balanced Technology Initiative, and the NATO Defense Cooperative Program. Those capabilities which have been highlighted by the Competitive Strategies Report can be supported by the Balanced Technology Initiative, which can in turn be selected for cooperative development with the Allies on a priority basis. While we still need to be mindful of security and technology transfer concerns, it is my belief that several of these promising technologies and capabilities can be selected for cooperative development. The United States cannot afford to develop all these capabilities on its own, nor can the Alliance fully benefit from these capabilities if they are only deployed into US Corps instead of throughout the NATO Theater. The United Kingdom, France, Germany, and Italy, all have the technological capabilities and financial resources to participate in these programs. It is also important that we take the lead in identifying and offering for development those competitive capabilities that really make a difference when it comes to meeting NATO's conventional defense modernization requirements. The Competitive Strategies Report and the Balanced Technology Initiative offer a way ahead for priority modernization in NATO. The NATO Defense Cooperation Program provides the critical link to develop these capabilities on a transatlantic basis.

Thank you, Mr. Chairman.

ATTACHMENT A

NUNN AMENDMENT PROJECTS: MOUs SIGNED IN 1986

	PARTICIPANTS													
	US	CA	UK	FR	GE	BE	NE	DA	NO	GR	SP	IT	PO	TU
• ADA PROJECT SUPPORT ENVIRONMENTS	X	X	X	X	X		X	X	X			X		
• MULTIFUNCTIONAL INFORMATION DISTRIBUTION SYSTEM (MIDS)	X	X	X	X	X				X		X	X		
• STANDOFF AIRBORNE RADAR DEMONSTRATION SYSTEM (ARDS)	X		X	X										
• ADVANCED SHORT TAKEOFF AND VERTICAL LANDING TECHNOLOGY	X		X											
• ENHANCED FIGHTER MANEUVERABILITY	X				X									
• ADVANCED SEA MINE	X		X											

NUNN AMENDMENT PROJECTS: MOUs SIGNED IN 1987

PARTICIPANTS

	US	CA	UK	FR	GE	BE	NL	DA	NO	GR	SP	IT	PO	TU
• HAWK MOBILITY ENHANCEMENT	X						X							
• NATO ANTI-AIR WARFARE SYSTEM	X	X	X		X		X				X			
• 155MM AUTONOMOUS PRECISION GUIDED MUNITION	X	X		X	X		X				X	X		X
• MODULAR STANDOFF WEAPONS (MSOW)	X	X	X	X	X						X	X		
• NATO IDENTIFICATION SYSTEM (NIS)														
- CO-DEVELOPMENT	X		X	X	X							X		
- INFORMATION EXCHANGE	X	X	X	X	X	X		X		X*	X	X		X

*GREECE REQUEST FOR ADMISSION IS UNDER REVIEW BY ORIGINAL PARTICIPANTS.

NUNN AMENDMENT PROJECTS: MOUs SIGNED IN 1988

PARTICIPANTS

	US	CA	UK	FR	GE	BE	NE	DA	NO	GR	SP	IT	PO	TU
• NATO FRIGATE REPLACEMENT--1990'S	X	X	X	X	X		X				X	X		

NUNN AMENDMENT PROJECTS: MOU NEGOTIATIONS IN PROGRESS

	POTENTIAL PARTICIPANTS													
	US	CA	UK	FR	GE	BE	NE	DA	NO	GR	SP	IT	PO	TU
• POST 2000 TACTICAL AREA COMMUNICATIONS	X	X	X	X								X		
• ALTERNATE WARHEAD -- ARMY TACTICAL MISSILE SYSTEM (ATACMS)	X											X		
• ELECTRO-OPTICAL IMAGING SENSOR POD	X				X									

FY-88 ARMY PROJECTS

- ADVANCED TACTICAL PATRIOT
- COMBAT VEHICLE COMMAND AND CONTROL SYSTEM
- LASER STANDOFF CHEMICAL DETECTOR
- RADAR ESM PAYLOAD FOR UAV
- ELECTRO OPTIC COUNTERMEASURES SYSTEM
- ADVANCED TANK GUN / LIGHTWEIGHT ARMAMENT

FY-88 NAVY PROJECTS

- NIGHT ATTACK AVIONICS
- SURFACE SHIP TORPEDO DEFENSE
- RPV / MOSP
- RADAR UPGRADE FOR FIGHTER AIRCRAFT
- PHOTONICS MAST
- LOW FREQUENCY ACTIVE SONAR
- HULL DEGAUSSING SYSTEM
- TOWED TWIN ARRAYS
- BURIED MINE HUNTING
- ELECTRO OPTIC - INFRARED DETECTOR
- MASS MEMORY MODULE
- AUTOMATIC SHIP CLASSIFICATION
- E2C DISPLAY SOFTWARE

FY88 AIR FORCE PROJECTS

- AGILE FALCON/F-16 DERIVATIVE
- SUPER COCKPIT INTERFACE
- DUCTED ROCKET
- AIRCRAFT SHELTER UPGRADE

FY-88 DEFENSE AGENCIES PROJECTS

- ARMOR / ANTI-ARMOR (DARPA)
- STOVL INTEGRATED CONTROLS (DARPA)
- MULTIFREQUENCY RADAR (DARPA)
- HYPERVELOCITY PROJECTILE (DARPA)
- EM GUN VEHICLE INTEGRATION (DARPA)
- ASW IMAGING TECHNOLOGY *
- BICES/TADMS/ATTG (DIA)
- POST 2000 TACTICAL COMMUNICATIONS (JTC3A)
- C3 INTEROPERABILITY (JTC3A)

* ADDED BY CONGRESS

ATTACHMENT B

KEY CHARACTERISTICS OF WESTERN AIRCRAFT

	COUNTRY	NUMBER	R&D BUDGET	FLYAWAY COST	IOC
F-16 AGILE FALCON	U.S.	500	$600 million	$15.5 million	1995
F/A-18 HORNET 2000	U.S.	500	$2-3 billion	$26-28 million	1995
EUROPEAN FIGHTER AIRCRAFT	UK, FRG Italy, Spain	750	$8-10 billion	$60 million	1998-2000
RAFALE	France	350	$5-6 billion	$50 million	1998
JAS-39 GRIPPEN	Sweden	170	$2 billion	$40-45 million	1994

TOTAL BILL FOR THE ALLIANCE . . . $60 - 70 BILLION

Senator BINGAMAN. Thank you, Mr. Kloske. Let me start with some questions for Dr. Duncan.

The Balanced Technology Initiative as it now functions has essentially one line item and has approximately 40 projects that are being pursued. At some point, we would expect that a number of those projects would become free-standing, and would no longer be a part of BTI.

How do you envision that happening? What timetable? At what point is transition appropriate to a specific service line item for a particular project?

Dr. DUNCAN. Mr. Chairman, the 48 items—about one-half of the 48 items, have funding over a 5-year period, and they are longer term continuing type projects. Now, there are other examples of things that are there for only 1 year.

Two examples that come to mind are the ASTOVL program, the advanced short takeoff and landing program that is a Nunn initiative. This program was supported for 1 year to get it off to an earlier start out of the BTI program.

Also, the experimental flash X-ray facility at Los Alamos, which was required in connection with some of the testing related to the DARPA, Army, Marine Corps, combined armor/antiarmor program.

There are a couple of 2-year programs that are there: The digital topographic support system for the Army, which provides battlefield tactical data, topography data; and the high energy laser for ship defense.

Now, I would see those as exceptions. The more typical program would be a longer term program. And if there is proper interaction among the programs in these categories, like armor/antiarmor, they will interact with each other. I would expect some would start entering—start affecting the weapons systems within a 5-year period.

I learned just this morning, the average time from the time one declares a program for full scale development until we get the first article is about 6 years. I would hope that the programs that we have in the BTI will start affecting things within a 5-year period for the full scale development, for being incorporated into a system on full scale development.

LIVE SUPPORT SYSTEM

Senator BINGAMAN. You mentioned the need to, I think you used the phrase, pull the live support system on some of the programs that are not proving successful. What is the mechanism for doing that?

Do you have an annual or periodic review of each of these programs where the decision is made? How is that done?

Dr. DUNCAN. Let me describe the mechanism as it now exists and the mechanisms that I hope we could create.

Senator BINGAMAN. And have you pulled the life support system on anything yet?

Dr. DUNCAN. We have not yet.

Now, for the programs in fiscal year 1987, we have 85 percent of the funds allocated for fiscal year 1987 now obligated. But it took a considerable amount of time to get the program created, you might say.

There were 300 companies or organizations that have expressed an interest in it. There were approximately 250 projects that were proposed out of these. A committee, consisting of key top level people in the Defense Department, as well as the individual services, narrowed it down to the 48 projects which were finally selected in the various categories.

The four main categories were selected before that process took place. It is early enough in the program that the review concept is just evolving, and there has been a comprehensive review by the program manager, Dr. Snowden, just recently.

He in turn has spent many, many hours briefing me on his findings about the program. I hope as time goes on that we could set up a review structure that is much more closed-looped, that involves a joint program office, that involves the very active participation on a very frequent basis of the individual services, as well as the defense agencies, and of the key elements of the Office of Secretary of Defense.

If I could make just one final comment, it is not in concrete yet because it is new and the process is evolving.

INDUSTRIAL ENTITLEMENT SYNDROME

Senator BINGAMAN. Mr. Kloske, in your testimony you talk about this industrial entitlement syndrome, that you are very concerned about the growing tendency for that in Europe. We have had quite a bit of testimony in one of the subcommittees on the issue of offsets.

It seems that everyone has a policy of offset except us. Our approach, I gather from a recent interview that Secretary Carlucci gave, is that we favor getting everyone to agree to terminate offsets and not use them any more. What if they do not agree?

Mr. KLOSKE. Well, Mr. Chairman, first of all, the reason that we do not become fully engaged in offsets is that a lot of the times we usually end up having the most competitive product.

And I think, all things remaining equal, the Department feels very comfortable that, in the greater majority of the areas in which we traded, American goods and services will be very competitive and would probably prevail in most competitions, given the high quality and reasonable affordability of these systems.

The reason we see the proliferation of offsets, particularly in Western Europe, is at two levels: one, the desire of a significant number of parliamentarians and industrialists and their keen interest to make sure that they obtain some kind of industrial action and options in return for buying the U.S. product, which is not entirely unreasonable.

In other areas, the demand for offsets has been insistently and, in some cases, impressively used as an industrial development tool, particularly in southern flank nations where, in return for buying U.S. goods, the return action is that we inject some kind of industrial capability into the industrial base of these nations.

I would suspect that for us to do away with offsets as a matter of national policy, in other words to try and prevent a U.S. industry from offering it, all things remaining equal, we would probably be the biggest losers. Why do I say that? Our major corporations in the last 10 to 15 years have shown a great ability and skill in negotiating the rather murky waters of offsets by developing countertrade and offset departments.

Given their ability to both use civilian and military activities, they have been able to market their goods quite effectively, and they have been able to develop offset requirements which are not damaging to their overall position.

Having said that, if we look toward the future, we cannot have increasingly a situation where every nation demands an offset, because I think over the long term offsets will strangle international defense trade.

Second, I believe that offsets are becoming a political football in a lot of the nations which we trade with. That makes it very easy for parliamentarians to run for office based on the latest chunk of offsets they were able to generate from U.S. industry.

Senator **BINGAMAN**. Thank you very much. My time has expired.

Senator Warner.

INF TREATY

Senator **WARNER**. Secretary Duncan, during the course of this week this committee will be examining the INF Treaty in the context of what technologies may be foreclosed in the future. Are you familiar with that issue?

Dr. **DUNCAN**. I am aware of the issue.

Senator **WARNER**. With regards to your ground based ballistic missiles, are you familiar with this issue that this committee is looking at?

Dr. **DUNCAN**. I am aware that the committee is looking into it, but I have not been intimately involved with it.

Senator **WARNER**. Well, that is where I was getting in my question. As I look at this list of programs that you have enumerated here for the future, it seems to me you must get involved in that decision process. I will call the Secretary this afternoon to perhaps include you in the list of witnesses coming over here on Thursday afternoon.

Does anyone know if that is the hearing scheduled for 2 o'clock Thursday?

[No response.]

Senator **WARNER**. I will try to do that, as we are looking at whether some of this technology can no longer be developed in the context of weapons covered by the treaty. We want to know what the negotiators knew about these weapons at the time the treaty was drawn.

You have answered my question: You have not been involved in it. I will see if we can get you involved, because you probably have a corporate knowledge here.

Dr. **DUNCAN**. I was just celebrating on my way over that this is my last of four hearings. [Laughter.]

Senator **WARNER**. Well then, you are going to go on a little overtime if I get involved in this. [Laughter.]

All right, that answers that question.

Now, Mr. Kloske, do you have any legislative proposals for this year that meet some of the concerns that you pointed out in your testimony?

Mr. KLOSKE. Well, I think in the near term my most pressing concern is to ensure that the U.S. Congress will fully support the Agile Falcon F–16 derivative as a major cooperative program with the allies, and also the F–18 Hornet 2000 as a major cooperative program under the Nunn-Roth-Warner cooperative program.

These systems, as I pointed out to you, Senator Warner, are very ambitious. They are not inexpensive, but they have tremendous promise to ensure that both us and the allies can cooperatively develop cost effectively the right kinds of aircraft that NATO requires for the year 2000 and beyond.

Senator WARNER. The answer is that you do not have any legislative proposals for this year?

Mr. KLOSKE. No, not directly, not legislation. But we want to make sure that the Congress fully supports and endorses both programs, because they will probably emerge as the key cooperative programs for fiscal years 1988, 1989, and 1990.

Senator WARNER. When you say both programs, do you mean Nunn-Ruth-Warner and the other?

Mr. KLOSKE. Well, no. These two cooperative programs will be endorsed as candidates under the Nunn-Roth-Warner program, and we will look to your support and endorsement.

NATO ALLIES

Senator WARNER. Our chairman has been very articulate over the years in describing the number of tanks the NATO allies have, and I commend him for it. You have heard his statement, which is quite impressive.

To what extent is this—let us call it the NRW amendment—beginning to cut into that? Is there any way of quantifying the amount of redundancy we hope to get out of this NATO arena?

Mr. KLOSKE. Well, at a minimum, Senator Warner, what we expect to do, at least in the 12 cooperative programs for which we have signed MOU's, is to guarantee the notion of interoperability and at least coproduction.

In the areas of C^3, such things as——

Senator WARNER. Well, when you have been through them, is there any way to quantify them? We would like to know how much progress we are making?

Mr. KLOSKE. How much progress we are making. Well, first of all, getting the allies to the table and signing them up is a hell of an achievement. So I would say this is good progress.

Senator WARNER. Are you talking about individual MOU's here? What do you mean?

Mr. KLOSKE. No, these are MOU's that involve several nations.

Senator WARNER. I understand that. But when you say bringing them to the table, you mean bringing them to the table for an MOU discussion?

Mr. KLOSKE. That is right, yes, sir. And we have been able to sign them up with these MOU's. We have put out the contracts for at least the initial stages of R&D.

Now, since the vast majority of these programs comprise relatively ambitious portions of R&D, we will not be able to see the specific results of these cooperative R&D products at least for another 6 to 7 years.

So we would need to make sure in the near term that the cooperative programs are progressing smartly, that discipline is imposed, and that they be fully funded.

Senator WARNER. Let me quickly try another question and see if I can get a hold of this piece of mercury rolling round the table. In 6 or 7 years, will we begin to see some progress?

MAJOR CONTRACTS BY ALLIES

How many other major contracts are going on by our allies today in which we are not involved?

Mr. KLOSKE. Oh, I would say easily hundreds.

Senator WARNER. So, in other words, this is a small fraction?

Mr. KLOSKE. It is a small fraction if we look at it in terms of dollar volume, Senator Warner. But it is a very important fraction, given the importance of the projects that are involved.

That is of great significance because the cooperative programs that we are talking about meet all the critical priority modernization requirements of our NATO military commanders.

If we just got one out of this whole initiative, which would be the Mark 15 NATO identification system, if we could establish that as a successful near term cooperative program in NATO, I can guarantee you, Senator Warner, that the operational effectiveness of NATO combat aircraft would shoot up between 35 to 40 percent.

As it is right now, sir, we are exposed to inflicting losses up to anywhere between 35 to 45 percent of our own aircraft, shot down by NATO forces because of the absence of a NATO identification system.

Senator WARNER. Is that a published study or figure that you have cited?

Mr. KLOSKE. There are plenty of figures around.

Senator WARNER. That we would lose 30 to 40 percent of our aircraft on the opening day?

Mr. KLOSKE. Very easily, yes, as a matter of fact.

Senator WARNER. I will stop there.

Mr. KLOSKE. So that is why I say that even just that one, Senator Warner, the NATO identification system—and we have made significant progress in that area of establishing——

Senator WARNER. I will defer to the senior aviator at the table; but, when I used to poke around boring holes in the sky, we had a fairly simple IFF that we used to use.

Why do we not have an IFF?

Mr. KLOSKE. Well, first of all, you have a multiplicity of NATO air forces involved.

Senator WARNER. I understand that.

Mr. KLOSKE. Second, the technology for both cooperative and noncooperative identification is a very complex one.

Third, and this gets me back to industrial entitlements, everybody wants to have a piece of the action.

Senator **Warner**. That is a longer answer than my time allows, but I will look into that. And I thank the Chair.

Senator **Bingaman**. Thank you.

Senator Wirth is next.

Senator **Wirth**. Thank you, Mr. Chairman.

INTEROPERABILITY AND BALANCED TECHNOLOGY INITIATIVE

What is the relationship between the concerns that we hear a great deal about—and I am new to this committee and the subject, so please bear with me—the relationship between the concerns about interoperability and the Balanced Technology Initiative?

That question is for either or both of you.

Dr. **Duncan**. Interoperability, of course, is the problem of things that are developed by different organizations or different countries working with the same sorts of things developed by somebody else.

The Balanced Technology Initiative has no—as I recall, has no direct programs addressing the subject of interoperability. But in that whole second category of reconnaissance, surveillance, target acquisition, tracking, and battle management, interoperability is a key element of everything that we are doing for the future.

Senator **Wirth**. Is there an assumption or a requirement that built into the programs undertaken under BTI will be interoperability? Is there an assumption that that is the case, or a requirement that that will be the case, or a hope that that will be the case?

Dr. **Duncan**. Let me be very careful about using the word "requirement," because the military uses the word "requirement" meaning it is in capital letters and it means something that has been formally blessed through a whole major process.

It is not a requirement in that sense. It is a requirement in the sense that these will be interoperable systems.

Senator **Wirth**. Mr. Kloske.

Mr. **Kloske**. Well, I would sure hope so, because interoperability, particularly in the area of C^3, I think remains an intellectual disaster area in NATO. In a previous appearance before this committee, I pointed out to Chairman Nunn that if I were asked the two critical areas for NATO conventional defense in the 1990's, the warstoppers, the real Achilles heels, they would be in the areas of ammunition and C^3.

Ammunition because without munitions you cannot sustain. If you cannot sustain, you cannot keep up the battle. In the area of command, control, and communications, in fusion, we absolutely need to make sure that we can bring our full muscle to bear.

And when you have a multiplicity of nations, all pursuing different command and control requirements and capabilities——

Dr. **Duncan**. And languages.

Mr. **Kloske** [continuing]. And languages, it becomes a problem for the major NATO commanders to carry out coalition warfare.

So, needless to say, we need to impose discipline. And part of the discipline is interoperability. It is an absolute requirement.

The big irony about this, Mr. Wirth, is that clearly NATO has a major advantage in its capability for command, control, and communications. And our ability for automated control, data dissemination and fusion is above and beyond, way above and beyond, anything that the Warsaw Pact can offer.

But the problem is that logistics and C^3I happen to be national responsibilities, and trying to develop joint theater architectures for command, control, communications and fusion is an extremely difficult task no matter what.

Second, I think it will be a very, very challenging task in the 1990's because the value added that is involved in the development of electronics is very significant. You will see nations all over the alliance trying to make sure that they can preserve a black box kind of capability. So it is a very challenging task.

Senator WIRTH. This follows up on Senator Bingaman's related question. In January I had a long discussion with General Subrine Kenny, who is the commander of Northag, as you know.

He was reflecting upon the concerns that Senator Bingaman mentioned about the institutional problems that exist in getting this kind of cooperation, if I understood that exchange, and believed that one of the responsibilities that he had and that he would hope all commanders would have would be to try to instill this commitment toward both immediate interoperability and the long-term research which we are focused on here, and to instill that from the bottom up. All too often that is imposed from the top down and does not get as far as it should.

AMMUNITION AND COMMUNICATIONS

He cited ammunition and communications as the two most obvious examples of the need for commanders in the field to require interoperability in the future of their communications and their ammunition.

What is there in BTI that helps to get from where we are today to the goal that you were mentioning, Mr. Kloske, in your earlier testimony and exchange with Senator Nunn, and which reflects the goal cited by General Subrine Kenny?

Dr. DUNCAN. We have—or let me mention the various projects that we have.

These are in the C^3I area, tactical use of national technical means, digital topographic support system, target acquisition for ships defense, and, aided target recognition.

Senator WIRTH. I know there is a long list but let me again ask the question. Having undertaken those projects together, are we certain that the final product will be mutually usable interoperable intelligence equipment?

Dr. DUNCAN. Before they are incorporated into a system, they will face up to the requirement that they be interoperable. There are examples of interoperability in our everyday life. The Apple computer doesn't work with the IBM computer. Each person develops something, and he develops it in what he thinks is the very best way in the world for it to operate.

Senator WIRTH. I understand. But it doesn't seem to me that that does us any good if we are building Apples for communications——

Dr. DUNCAN. That is correct.

Senator WIRTH [continuing]. And the Germans are building IBMs. We are both doing the research on what the new technology is going to be, but there is no guarantee that that new technology is going to work between the German IBM and the U.S. Apple.

Is that what you are saying, Dr. Duncan?

Dr. DUNCAN. What I am saying is we have to put that requirement in before it is placed into an end item, they will be interoperale with all of the systems they have to interface with.

That is not the purpose of the Balanced Technology Program. It is an R&D program.

Senator WIRTH. I understand, but if you go to this kind of effort long term, going right to your point, Mr. Kloske, one of the purposes should be to make sure that all of this equipment can work together down the line, isn't that right?

Mr. KLOSKE. Yes. I think we also need to keep in mind, and I think this is perhaps the reason that Dr. Duncan and myself are appearing here today—I think in the original work that was carried out in the BTI before Dr. Duncan arrived, there was just a concern at initially looking at U.S.-only kind of capabilities. I think the concern in the Department, and obviously the concern in this committee, is how we can best rationalize competitive technologies, not only for our own purposes, but also to be introduced theaterwide in NATO, and at that point, once you take that calibration requirement into consideration, we can start developing requirements for interoperability, coproduction, cooperative development and so forth.

As a matter of fact, I have argued to Secretary Carlucci that in the arena of competitive strategies technologies, the United States should and must identify as many of those technologies as possible within the constraints of security and technology transfer. They should be developed on a cooperative basis with the allies at a minimum, and those are very important.

I think the great advantage of the BTI and competitive strategies is that they identify and prioritize for development those systems that really matter, that have the high payoff in certain key areas. And it would be nice to develop everything at the same time, but these areas should deserve first priority.

Senator WIRTH. Thank you, Mr. Chairman.

Senator BINGAMAN. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I thank the witnesses for their very excellent testimony today.

MK 15 IFF

Mr. Kloske, is it true that the Air Force has voiced its opposition to the MK 15 IFF at this time?

Mr. KLOSKE. Well, I think it is safe to say that C^3I in the Department is a continual vale of tears. What do I mean by that? It is no mystery to you, Senator McCain, that we are currently undergoing serious fiscal constraints, and true to form, when we are faced with these fiscal constraints, the temptation in the Department is to throw out the window ammunition and C^3I because those end up being the billpayers for platforms.

I think the Air Force has expressed serious concern with the affordability of MK 15 and its cost-effectiveness, and this is a subject that is currently being hotly debated inside the Department.

I am pleased that at least for the initial review that we carried out for fiscal year 1989, that we were able to hold the line on all the major C^3I systems. Clearly, for the next budgetary review it is going to get tougher.

Senator McCAIN. Well, the information I have, to make a short summary of your good answer there, is that the Air Force is indeed continually opposed for reasons that also have to do with battlefield management and secure systems, but I hope that we can get agreement from our own Air Force before we go too much further with this project because I think it would be difficult to convince our allies if our own Air Force is not supportive.

Mr. KLOSKE. Well, I would hope that we can resolve this problem along this technological line or some other kind of technological line. I sure would hate to be flying around the NATO central region with everybody flying with AMRAAM, which as you know gives you beyond visual sight kind of capability, and if you are a target out there and you do not respond in the right way, you are going to be shot down. You are going to be shot down at ranges that go from anywhere to 50 to 60 miles, or the range of AMRAAM or AAA.

Senator McCAIN. Well, I do not want to get into a tactical discussion with you, which would not be too helpful here. We have some other important questions. But we may find ourselves reverting to a situation as we found ourselves in the Vietnam war, where we simply did not fire until we had people in sight because of this lack of capability.

Mr. KLOSKE. That is exactly my concern.

Senator McCAIN. But anyway, Mr. Kloske, thank you again for your testimony.

SMART WEAPONS TECHNOLOGY PROGRAM

What I am concerned about, and I am sure you are, too, and I know you have got a very difficult task, but our problem here I think—and it has been true long before we had a BTI—is the transition of the system into the field. The Defense Science Board had a task force on armor and antiarmor, and one of the conclusions they came up with I think is interesting. They say that out of some 30 technology developments examined, the task force found at least a dozen which had been funded at entry levels of development for 12 to 15 years.

We are always trying to make it a little bit better before we are ready to put it into operation, and obviously our adversaries do just the opposite sometimes to their detriment, I would suggest.

I guess what I am concerned about, and I think other members of this committee are also, is the ability of coordinating these projects to the point where we can get them into the field, and I noticed, for example, that you had five major categories there in your chart, and the first four were rather specific ones.

Could you give us an idea as to when we can expect those projects to be in the field operationally?

Perhaps the first one is not specific enough.

Mr. DUNCAN. Smart weapons technology.

I would hope that some of the activities of the smart weapons technology program, or at least all of the top three—I am not sure about the high power microwaves—will be influencing the things that go into the field within 5 years, not all of the projects, but some of them will. I expect some of the projects will never affect the things that are in the field, and I expect that some of the projects we would not be seeing for 8 or 10 years, affecting those things in the field.

But you are absolutely right, it is a major challenge as to how to get things out of the laboratory and into the field.

But one of the problems is that the laboratory environment and field environment are different. Something that is successful in the laboratory is not always successful in the field.

The things that we are trying to do now in order to shorten the acquisition cycle is to bring the laboratory and the field closer together through advanced technology demonstrators and through prototyping at the low cost but testing things in the field environment, testing laboratory devices in the field environments to try to shorten that up. That is what I hope we will do more in this program than we are heading for right at the moment.

STARTUP DELAYS

Senator McCAIN. You mentioned on page 9 of your statement, that in a few instances, lengthy startup delays in executing project work have been experienced. The implementation process, including planning by the executing organizations, proposal solicitation and review and selection and contracting seems to be taking longer than necessary.

Could you give us a few examples of this, or perhaps if it is too lengthy, maybe something for the record.

Mr. DUNCAN. Yes.

At this time the average time for an R&D project from the time the manager of the project decides that he wants to go ahead with it until it is under contract—and I am talking about the time that is involved in the paperwork, the reviews, the legal reviews, the contracting officer activity, the bidding and so forth, the average time is 205 days, the last time I saw the number.

Five years ago, and for many years prior to that, it was about 90 days. Two hundred five days is the average time. Some projects take more than a year from the time you decide you want to do it until the time you get it under contract. These are totally unacceptable times, particularly if the organization that has proposed to do something for you is a garage, an entrepreneur who is trying to get a startup situation, like David Packard once was, or a lot of other examples, and they cannot hang on that long, and the Defense Department is losing lots of good people doing work for us because of the long time it takes.

We are addressing that and are making progress, but we are not there yet. That is what that refers to there.

Senator McCAIN. Thank you.

I am also very concerned about how the BTI interacts with the CDI in the competitive strategy. But Mr. Chairman, my time has expired, and I would like to be able to submit some questions for the record.

Senator BINGAMAN. You certainly may do that, and we will have another round here if you are able to stay for that.

Senator McCAIN. Thank you, Mr. Chairman.

Senator BINGAMAN. Senator Quayle.

Senator QUAYLE. Thank you, Mr. Chairman.

INF TREATY

Dr. Duncan, in response to Senator Warner's question, let me ask a little bit differently, were you ever tasked during the negotiations, and particularly the final months of the negotiations of the INF Treaty, to give them a report of what kind of future systems we were looking at from an R&D level?

Were there any requests from Geneva from our negotiators to you saying what kind of future systems beyond what we know as nuclear and conventional cruise missile and ballistic missile?

Dr. DUNCAN. No, I was not involved at all, Senator Quayle, and I may not have been involved anyway, but the reason was that I was not sworn in until the middle of December in my present position.

Senator QUAYLE. Was your predecessor?

Dr. DUNCAN. There was no predecessor.

Senator QUAYLE. Well, who would have been the predecessor?

Let's see, they consolidated this under the new organization.

Who would have been the predecessor, Hicks?

Dr. DUNCAN. Dr. Hicks would be closest to the predecessor, but there was a year's lapse——

Senator QUAYLE. I would be curious if you could give us an answer, if anybody in the general area of R&D was asked anything about futuristics.

Dr. DUNCAN. I will see if there was anybody in the acquisition organization that was tasked. I will do that.

Senator QUAYLE. I appreciate that, and as a fairly timely thing, as Senator Warner pointed out, because of our hearing Thursday. So if you could get that back to us early.

[The information referred to follows:]

INF NEGOTIATIONS

Senator QUAYLE. Were there any requests from our INF negotiators in Geneva about the kinds of future technologies we were examining at the R&D stage?

Dr. DUNCAN. No.

NATO DEFENSE COOPERATION PROGRAM

Senator QUAYLE. Mr. Kloske, the NATO Defense Cooperation Program, is this the NATO Defense Program or is this a new program?

Mr. KLOSKE. It is not a new program. We are just basically trying to give it a formal title. It is our current favorite buzz word in the Department, sir, to explain the Nunn-Roth-Warner amendment as it has been translated into a Department of Defense initiative with the allies, sir.

Senator QUAYLE. The NATO Defense Cooperation Program is not the NATO Defense Program, then?

Mr. KLOSKE. No.

Senator **Quayle**. That is separate then.

What would be the relationship then between the NATO Defense Program and the NATO Defense Cooperation Program?

That is new, is it not?

Mr. **Kloske**. No. I think the Department owes you an apology. We need to update you on our current buzz words.

Senator **Quayle**. Okay. When you throw these things out in the hearings, all of a sudden we cannot follow them.

Senator **Bingaman**. Now, I just do not understand how you could be confused with that. There is an obvious distinction there. [Laughter.]

Mr. **Kloske**. What is the relationship?

Senator **Quayle**. Yes.

Mr. **Kloske**. Well, Senator Quayle, I think the relationship is quite a simple one. Your NATO Defense Program, as you have envisaged it along with the committee, addresses the global requirements for NATO defense modernization, both at the nuclear level and at the conventional level. The NATO Defense Cooperation Program is basically a follow-on to the Nunn-Roth-Warner amendment which selects for high level cooperation and cooperative development those programs that jointly meet our military requirements within the United States services and the NATO European services.

Senator **Quayle**. But many of the NATO defense programs——

Mr. **Kloske**. Cooperative programs.

Senator **Quayle**. Well, now, wait a minute. That is separate. They would be NATO cooperation programs, would they not?

Mr. **Kloske**. Yes, sir.

Senator **Quayle**. Do we have any listing yet of the NATO Defense Programs?

Mr. **Kloske**. I know that several lists, as we are wont to do in the Pentagon, have circulated, and I think it is going to require a little imagination and hard work to sort them out to ensure that these are the kind of programs that would be encompassed into an overall global program for NATO defense modernization both at the nuclear level and at the conventional level.

Senator **Quayle**. So we do not have any lists, as yet, of the NATO Defense Program?

I think Carlucci has given in testimony some general guidance to it. I do not think we have gotten too specific. I was wondering and hopeful if you might be a little bit more specific so we can see what kind of high leverage programs there are.

Mr. **Kloske**. At this stage, Senator Quayle, I cannot give you that list. As I said, it is going to take a little time to sort out which are the programs which directly support globally at the nuclear and conventional level the NATO Defense Program.

Senator **Quayle**. Do you have any idea what kind of timeframe?

Mr. **Kloske**. I would have to query my colleagues.

Senator **Quayle**. Well, I would say I would like the record to note that as soon as possible would be—like yesterday would have been fine. [Laughter.]

Just so we understand it.

Mr. **Kloske**. That is perfectly acceptable to me.

My problem in the Department is we have too many lists and not enough action.

Senator **Quayle**. Well, that is sort of the problem. What can we do to help, write letters over there, demand lists?

Let me just ask for the record that you go back to your colleagues, Mr. Chairman, with your indulgence, and request a list to be furnished to this committee on what the NATO Defense Program is.

Mr. **Kloske**. I think an illustrative list could be furnished most properly.

Senator **Quayle**. Fine, however you want to phrase it. I think you get the idea.

Mr. **Kloske**. I certainly do.

Senator **Quayle**. I think that will be helpful, and you can take that as a formal request.

Mr. **Kloske**. I accept it.

[The information referred to follows:]

The Department of Defense is currently in the process of identifying programs in the fiscal year 1989 Amended Budget Submission (ABS) and Five-Year Defense Program (FYDP) that satisfy the objectives of the NATO Defense Program. Because of the sensitive contents of such a list and the importance that will be attached to it, the Department will take maximum care in its preparation.

The Department will make this list available to the committee at the earliest possible date.

CONVENTIONAL CRUISE MISSILES

Senator **Quayle**. You talked about the importance, and we have discussed in the past of developing the highly accurate conventional cruise missiles. We are going to be getting, I believe Wednesday, testimony from Dr. Costello on a master plan as per congressional initiative on the cruise missile.

Is it your understanding that the master plan will include all the standoff weapons, short range and long range as well as black and white? Is that your understanding?

Mr. **Kloske**. Let me defer that question to Dr. Duncan, if I may.

Dr. **Duncan**. I am not sure what the master plan would contain. I believe it is going to contain everything.

Senator **Quayle**. You are not involved with the master plan?

Dr. **Duncan**. People who work for me have been involved, yes, sir, but I have not seen the final product. That will be delivered this week.

Senator **Quayle**. Have you had a recommendation that you have made to what the master plan will include?

The reason I ask is listening to Mr. Kloske's testimony, and it may be in yours, though I came in late, and I have been very much up front on this, on getting a highly accurate conventional cruise missile capability. What I wanted to make sure is that, you know, we do not have some cutting off point in this master plan, that we talk about long range and short range cruise missiles, that we look at what we are doing in the white world as well as in the black world, and that the master plan be all-encompassing and does not get into any kind of policy situation that we are going to cut it off at some direction, at some length, say 300 kilometers or something like that.

Am I registering with you?

Dr. **Duncan**. Yes, sir, you are registering, and I will take the message back, that you expect that is what will be covered in the master plan.

Senator **Quayle**. Thank you.

If that would be cleared, I would appreciate it.

I see that my time is up, but I have two other quick questions.

Senator **Bingaman**. Let me just ask a couple of questions, and then we will go back to Senator Quayle so that he can complete his questions.

AGILE FALCON AND HORNET 2000

Mr. Kloske, you are urging us to support the Agile Falcon and the Hornet 2000. Are those your priorities?

Mr. **Kloske**. Yes, sir.

Senator **Bingaman**. When we look to the 1990's, the late 1990's, tell me if this is wrong, it seems to me we are going to have six production lines going in the alliance for fighters. We are going to have the Agile Falcon, the Hornet 2000, the ATF, the French are going to be making the Rafale the European fighter aircraft, the Japanese seem to want to make the FSX. That is six for us, probably two for the Soviets.

This does not seem to me to make a lot of sense. I mean, are we going to be doing a lot in the way of duplicative research, and they are going to be producing planes, is that what is going to happen?

Mr. **Kloske**. Well, this most outstanding example of the industrial entitlements syndrome which I referred to has reached epidemic proportions within the Western World. It is very clear that many nations within the Western World want to retain, advance or develop an advanced aerospace kind of capability. They see it in terms of national prestige, in terms of technology competitiveness, in terms of export competitiveness. Those nations which have it, and those nations which do not, all want to make sure that they have this kind of capability. The easiest way to do it is to go out and develop your own fighter aircraft.

Now, having said that, I think everybody is relatively well conscious about the tremendous costs of developing new generation state-of-the-art or front line fighter aircraft.

What the Department is attempting to do, Mr. Chairman, with the Agile Falcon F-16 and the Hornet 2000 is to make sure that on a cooperative basis we can satisfy our requirements for these kinds of aircraft as we intend to retain the F-16 and the Hornet 2000 well beyond the year 2000 in our inventory, and at the same time, offer aircraft, again on a cooperative development and coproduction basis, to our allies that meet their requirements.

EUROPEAN FIGHTER AIRCRAFT

Senator **Bingaman**. I have problems with the fact that we are supporting the effort that is going forward. Texas Instruments is providing radar for the European fighter aircraft. What are we doing to discourage the situation that I have described where we have six production lines? What are we doing to discourage that?

Mr. KLOSKE. Well, I do not think it would be useful or prudent for the Department of Defense to discourage it, to openly attempt to discourage industrial base capabilities in Western Europe. These are sovereign decisions of basically independent nations.

What we are trying to do is offer them very cost effective alternatives to very expensive and perhaps noncompetitive efforts on the world market. That is what we are trying to do.

To try and discourage at this level usually is very counterproductive. As a matter of fact, you will probably push that nation into making that decision based on national prestige issues.

You may recall the difficulties and almost the trauma situation that happened in Israel because of the Lavi decision.

Now, what we are trying to do——

FSX

Senator BINGAMAN. Do you feel the same about the FSX, that we should not try to discourage it, that it should not be our policy or we should make no effort to discourage the Japanese from going forward as they planned with just a license fee out of the U.S. defense contractor?

Mr. KLOSKE. No, sir. I think what we are trying to do is to try to encourage the Japanese to join us in ensuring that either with parts of the aircraft or the joint development of an aircraft, we can meet their military requirement. I think by the time they get done with the FSX, with the assistance of General Dynamics and U.S. defense contractors, it is going to be a very different F-16 from the one that exists in our inventory today because of the radar capability, the composite structure that will go on the wings, and perhaps more advanced, more highly performing engines and avionics that will go into the aircraft.

There are certain aspects of that FSX program, Mr. Chairman, that are of significant interest to the United States Air Force. Certainly the quasi-revolutionary introduction of new bonding techniques for composites in which the Japanese have a lead over anybody else in the Western World, is one we can certainly benefit from.

The mimic technology that has been introduced into the active array radar that they are considering is of interest to our Air Force. Those are the kinds of components that I think we can benefit from.

As far as the Europeans are concerned, we have offered what I consider to be——

Senator BINGAMAN. Before you get off of that, let me ask on the FSX, do we have agreements that we are going to get this technology back from the Japanese?

Mr. KLOSKE. We will negotiate with the Japanese that we would like to obtain a certain amount of flowback into our defense industry.

Senator BINGAMAN. When is the best time to negotiate that, before we give them our technical data?

Mr. KLOSKE. We have not given them any technical data. I have spoken to the F-16 program manager practically on a weekly basis to keep track of the FSX program.

Senator **Bingaman**. So you would expect that we would have agreements from the Japanese to get that technology that they are putting into the aircraft from them before we make any agreement to transfer?

Mr. **Kloske**. Well, Mr. Chairman, it would be very nice to get something for nothing from the Japanese. They are very tough nosed negotiators, and I expect that we will meet them at the negotiating table on equal terms, and we will negotiate the kind of flowback arrangements that we would like to see for our defense industry and for the U.S. Air Force. But there are significant parts of that aircraft that are potentially of great interest in terms of our military requirements and our industrial interests.

BTI

Senator **Bingaman**. Dr. Duncan, as I understand it, the administration requested $238 million for the BTI in this fiscal year 1989. I also understand that that goes exclusively to continue projects that were started in 1987 or 1988, that there are no new starts or new programs contemplated in the 1989 fiscal year.

The concern that I have is that to approach the fiscal year with the established provision that none of these funds could go to new projects is in a way cutting off the purpose of BTI, which was to give us the flexibility to do new things that needed to be done. It seems as though the proposal does not permit that.

Dr. **Duncan**. What you have just described, Mr. Chairman, is the situation as we predict it to be, but it does not necessarily have to be that way.

Let me amplify that for just a moment.

We started out with $182 million in fiscal year 1987 as I described earlier. We have that approximately 85 percent obligated. It has taken a long time to get the inertia for the program built up.

In fiscal year 1988, the authorization language allowed $500 million for BTI, $300 million for continuation and $200 million for new starts, but appropriations only allowed $100 million total. We are reprogramming and have completed the process within the Pentagon. I do not know whether it has come to the Congress yet for an additional $100 million for new starts in fiscal year 1988, which is in line with our understanding of the intent of the Congress in establishing this program, and most specifically this committee, where it originated. We believe that within the $100 million that has been appropriated to carry on the work that started late in 1987, and the $100 million for new starts in 1988, there will be enough momentum involved in all of that that the $238 million required in 1989 will probably be all in continuations. If new starts are available and if resources are there, we will do so, but that is our projection of how it will be.

Have I confused you too much? [Laughter.]

Senator **Bingaman**. Let me just say it my way, and you tell me if it is wrong.

You do not expect to need any funds in fiscal year 1989 for new starts.

Dr. **Duncan**. We do not expect to ask for additional funds in fiscal year 1989 for new starts.

Senator **Bingaman**. And there are no funds available from any source for new starts in 1989 that you are aware of.

Dr. **Duncan**. Unless the new starts that occur in 1988 do not follow a plan, and we have not started them yet, so they may not follow a plan, and there may be money available as a result of that.

Senator **Bingaman**. Senator Quayle, you had a couple of questions.

Senator **Quayle**. Thank you, Mr. Chairman.

SOVIET LASER

I just have a couple. These are either for Dr. Duncan or Mr. Kloske. In a recent Newsweek article there was a story about this laser in the Soviet Union, the follow-on tank that would be able to scan the terrain with a low level laser beam, note the reflections of enemy binocular lenses or optical devices, and then blast back with powerful beam, blinding the soldiers or the electronic eye.

Is this blinding type of thing which the Soviets have, according to this article, is this the same thing, would this be the same thing as destruction with high explosives? How would you go about defining what this blinding is?

Could you help us out with what this new technology is?

I mean, to my way of thinking, it is different from what we commonly think of as high explosive.

Dr. **Duncan**. You said laser, did you not?

Senator **Quayle**. Yes, I think they call it a laser. It is a low level laser beam where they go out and they detect things. This was in Newsweek. And then, when they detect it, they send out I guess this powerful beam.

Dr. **Duncan**. A high level laser, a high intensity laser.

Senator **Quayle**. I guess that is what the beam is. I would have to go back and reread that.

It sort of has a blinding effect is what it does, either on the soldier, if they are looking in their binoculars, or on any kind of electronic eye that this thing would detect. It just goes in and zaps them in a way. So it is some sort of high powered emission laser type thing.

I am trying to figure out, do we in your world refer to these things—would this be considered something like high explosives, or is this something entirely new?

Dr. **Duncan**. I would consider it not like high explosives, but I would consider it new. It uses a coherent light principle, apparently, from what you have described, of sufficiently high energy level to be damaging to the tissues of the retina.

Now, we are on grounds—I did not read the article, so I am at a loss there.

Senator **Quayle**. Are you familiar with the technology?

Dr. **Duncan**. Well, we are on very touchy grounds securitywise.

Senator **Quayle**. Oh, we are in open session, are we not?

I do not want to push you on that.

Dr. **Duncan**. I am reluctant to say anything about this. What little I know about it I am reluctant to describe.

Senator QUAYLE. Because you are getting into the electronic warfare area and you do not feel comfortable?

Dr. DUNCAN. Yes.

Mr. KLOSKE. If I could add, Senator Quayle, the issue of blinding on a tactical basis is something everybody is going to have to deal with in the 1990's.

BLINDING/JAMMING

Senator QUAYLE. Is blinding the same as jamming?

Mr. KLOSKE. Well, if you happen to be the main sensor, I would say so, yes, sir. If you are flying your aircraft based on your ability to command and control the sensors, based on your eyesight, and you get blinded, you have just been jammed.

Senator QUAYLE. But say permanent blindings, if it were blinding something, you would actually have the capacity to sort of destroy it, would you not?

Mr. KLOSKE. Well, I am no expert.

Senator QUAYLE. Dr. Duncan, if you could permanently blind something, would that not have the capacity of destroying it?

Dr. DUNCAN. It is possible to create a laser beam of sufficient intensity to permanently destroy the eye. And it is possible to create significant damage without destroying it permanently.

Senator QUAYLE. Is there any way to tell the difference very much between this blinding and jamming? Are they not very similar?

Dr. DUNCAN. When I normally think of jamming, not in terms of light but in terms of noise, in terms of sound.

Senator QUAYLE. Or if you wanted to jam radar.

Dr. DUNCAN. Yes, or radar frequencies. Jamming is not normally used, in my ancient world, in connection with light beams, but it is the same thing. It is interference.

Senator QUAYLE. Could you verify between the two, between blinding and jamming?

Mr. KLOSKE. I do not know how you would go about verifying it, but if you were trying again to operate your aircraft at combat speed, if he shuts down your radar through jamming to make sure that you are dealing with white noise and you cannot discern the target, and at the same time you cannot activate your own sensors or activate your firing control mechanism because you have just been blinded, the combination thereof is lethal. Not only is he jamming you, he is going to shut you down.

Senator QUAYLE. So in effect, jamming would have the capability of destroying.

Mr. KLOSKE. If it prevents you from defending yourself, yes, yes, sir.

Senator QUAYLE. BTI, my understanding is sort of focused on crash work on high powered microwaves.

Is that in there?

Dr. DUNCAN. That is the fourth item, yes.

Senator QUAYLE. Has this been in response to what the Soviets have in high powered microwaves?

Dr. DUNCAN. That is part of the motivation, yes.

Senator QUAYLE. Part of the motivation is in response?

Dr. **Duncan**. Yes. It is both directed toward being able to cope with what they might do to us, but also to determine what we might do to them.

Senator **Quayle**. Is a high powered microwave considered a warhead?

Dr. **Duncan**. It is a beam.

Senator **Quayle**. You do not consider it a warhead?

Dr. **Duncan**. I do not consider it a warhead.

Senator **Quayle**. You do not.

How would the high powered microwave affect its intended target? What would be the objective, to destroy the target, to render it inoperative?

Dr. **Duncan**. Well, it could more than likely render inoperative the communications system or the radar system or some of the electronics of the system rather than physically destroy it, although that is not beyond the realm of possibility. But that would be very, very high energy. But it is kind of like jamming, the thing you were referring to previously.

Senator **Quayle**. So this high powered microwave is really sort of like jamming.

Dr. **Duncan**. It is like jamming, yes.

Senator **Quayle**. Could this be carried on a cruise missile?

I understand that there was a recent unclassified, that the Joint Cruise Missile Office claimed that it could. I just wondered if you had thought of that.

Dr. **Duncan**. It could be.

Senator **Quayle**. I am trying to find a lot of utility for these cruise missiles, to make sure everybody understands its importance.

Dr. **Duncan**. I am told that it can be, yes, sir.

Senator **Quayle**. Thank you.

Senator **Bingaman**. Thank you both very much for testifying.

We will have a few additional questions which we will give you today.

We are probably going to begin markup at the subcommittee level next week, and accordingly, we would greatly appreciate it if you could respond by the end of this week to some of the questions we submit.

Dr. **Duncan**. Thank you, Mr. Chairman.

Mr. **Kloske**. Thank you, sir.

Senator **Bingaman**. Thank you.

[Questions for the hearing record with answers supplied follow:]

Questions Submitted by Senator Jeff Bingaman

TECHNOLOGY TRANSFER

Senator **Bingaman**. The Pentagon presents many faces to our allies in terms of defense cooperation. We have a valid requirement to keep our most advanced technologies from our adversaries. We also have a valid requirement to maximize our limited defense resources, and we have a domestic defense industrial base to consider. How does the Pentagon balance these competing viewpoints? How is BTI, which represents cutting-edge technology, reviewed for possible consideration as a cooperative venture with our allies? How are our industrial base issues taken into account?

Dr. **Duncan**. Our R&D organization plays a supporting role in the formulation of policy for technology cooperation and protection and a major role in its implementation. Thus, our staff draws on its own knowledge and that of selected national and international experts to provide the technical basis for identifying opportunities for cooperation or critical needs for protection. In the case of BTI some projects were identified as potential cooperative ventures at the outset (ASTOVL Technology and Combat Vehicle Command and Control). The potential for involving other BTI projects in cooperative ventures is examined during frequent interchanges between our two offices that oversee BTI and the NATO Cooperative R&D efforts.

PROGRAM DIRECTION

Senator BINGAMAN. What direction do you think BTI should take? The statute indicates eight areas that should be considered priorities (though those eight areas are not directive but suggestive). Are those the right areas? Should we be suggesting other areas?

Dr. DUNCAN. The BTI program plan developed in fiscal year 1987 and currently being implemented was very responsive to the areas identified as priorities in Authorization Act language. In fact, of the eight areas cited most recently, the program includes projects in all but one. The areas cited clearly reflect the right kind of activity for a technology development and demonstration program intended to enhance conventional defense capabilities. We do not believe that suggesting new areas would be helpful. The BTI program was structured to "make a difference" in a few technology areas important to conventional defense. Early expansion of the program into too many other areas could divert resources needed to maintain progress on the present activity.

NUMBER OF PROJECTS

Senator BINGAMAN. Last year, you started 43 projects, each averaging $4-$5 million. Doesn't that water down the chance of getting anything going in them? Wouldn't it be better to fund a smaller number of projects at a more substantial level?

Dr. DUNCAN. As noted in my statement for the record, I am aware that some concern has been expressed regarding the number of projects included in the BTI program as initiated in fiscal year 1987. Following my in-depth review of the program, I do not consider this matter to be a significant problem. In the major program categories, the selected projects fit together very well to address complementary aspects of the problems being considered. Only about half of the projects started in fiscal year 1987 have planned funding profiles over the full 5-year program period suggested by Congress. I expect that as the program continues to develop, and certain projects mature, the number of active projects will decrease.

TRANSITION

Senator BINGAMAN. As BTI is now presented in the budget, it is a single line item made up of over 40 programs. At some point, I would expect to see a few programs prove successful and move on to full-scale development and production. At what point would you transition those successful programs to individual service line items, or should they stay in the budget under BTI?

Dr. DUNCAN. It is our intention to promote the transition of successful BTI technology development and demonstration projects into the services for subsequent development. Several BTI projects in progress were planned from the outset to lead into full-scale development efforts by the services within 2-3 years (e.g., Millimeter Wave Seeker Demonstration, Autonomous Guidance for Conventional Weapons, Cruise Missile Advanced Guidance, and Combat Vehicle Command and Control). Other projects are expected to experience similar transitioning over a longer time period, perhaps up to 5 years. We do not intend that high-payoff technologies clearly demonstrated under the BTI program should continue to be supported by BTI funding in full-scale development. Successful early transitioning of technological achievements into service systems development programs is essential for achieving improved capabilities in the field.

LOW OBSERVABLE HELICOPTER

Senator BINGAMAN. I understand the House Armed Services Committee has earmarked $45 million of BTI funds for study of an advanced attack helicopter using low observable technology. Do you have any comments to offer on such a project under the Balanced Technology Initiative?

Dr. DUNCAN. As I have frequently noted, the BTI program is intended to concentrate technology development and demonstration efforts in a few areas important to conventional defense. The advanced helicopter project referred to does not fall within any of the major thrust areas of the present BTI program. Furthermore, the suggested cost of the work is very high and thus the project could not easily be accommodated without having a serious impact on program activities already in progress. Finally, the special access security required for most low observable projects is not consistent with the high-visibility nature of the BTI program.

NATO COOPERATION

Senator BINGAMAN. How do we ensure that NATO cooperative projects do not rely upon obsolete technology? To avoid this problem, are any changes necessary in the ways in which the United States and its allies share technology? In particular, should the Balanced Technology Initiative be expanded to include participation by our NATO allies? What kind of framework should be developed to introduce allied cooperation into BTI?

Dr. DUNCAN. It is Department of Defense policy that we achieve access to, use of, and protection of the best technology developed by our allies, and comparable allied access to, use of, and protection of the best U.S. technology, thereby avoiding unnecessary duplication of developments. Current DOD procedures pertaining to the sharing of technology adequately address each program on a case by case basis. We will continue to exercise prudent judgment in choosing programs for cooperation with our allies, carefully balancing the risk of technology leakage with the benefits that ensue from technology flowback and from an improved alliance conventional defense capability. In that regard, participation by our NATO allies in the Balanced Technology Initiative is highly desirable. A cooperative technology development and demonstration effort of the type being pursued in the BTI program could very effectively complement the systems development, test, and evaluation work already underway as part of the NATO Cooperative Research and Development Program. We are currently considering how best to develop such cooperative projects.

TECHNOLOGY TRANSFER

Senator BINGAMAN. The Pentagon presents many faces to our allies in terms of defense cooperation. We have a valid requirement to keep our most advanced technologies from our adversaries. We also have a valid requirement to maximize our limited defense resources, and we have a domestic defense industrial base to consider. How does the Pentagon balance these competing viewpoints? How is BTI, which represents cutting-edge technology, reviewed for possible consideration as a cooperative venture with our allies? How are our industrial base issues taken into account?

Mr. KLOSKE. While the considerations of technology security, armaments cooperation and industrial base preservation pose challenging questions in the abstract, DOD is able to effectively reconcile them in practice. Technology and export controls are applied to maintain the technical advantages of the West over potential adversaries, particularly the Soviet Union. The mechanisms that are in place in the West, principally through COCOM, work effectively to ensure that the sensitive technology developed within and in some cases transferred among Western countries is protected from unauthorized release to the East bloc.

Consistent with this condition, many opportunities exist for collaboration and technology exchange within the West—exchange that frequently results in U.S. access to technologies not otherwise developed here. Participating in technology and information exchanges with our allies, as well as cooperative research and development programs, does not preclude our manufacturing sector from maintaining a warm production base for critical items. Among other ways, this is achieved by licensed production in the U.S. of items that are developed cooperatively with our allies. We must, of course, be sensitive to the commercial competitiveness implications of cooperating internationally in certain technology areas. In all cases, we must balance the risks to our industrial base and to technology security against the gains that accrue from collaborating with our allies to reduce costs and produce compatible and effective systems.

Day-to-day Management of the BTI and NATO Cooperative R&D programs is conducted by the Director of Defense Research and Engineering and as such the two efforts are coordinated. In some cases, technology developed within BTI may be found to benefit from application to NATO cooperative development projects. While some BTI and NATO Cooperative R&D projects draw upon the same technology, the thrusts may vary by a generation.

STATUS OF THE NATO COMPARATIVE TEST (NCT) PROGRAM

Senator BINGAMAN. The side-by-side testing of U.S. and other NATO equipment is a companion piece to the NATO Cooperative R&D initiative. Could you review for us the history of this particular cooperative effort? How much money has been spent on side-by-side testing? How many systems have been evaluated? What have been the results of the testing program?

Mr. KLOSKE. The NATO Comparative Test (NCT) Program (sometimes referred to as the side-by-side test program) was created by the "Nunn Amendment" of the fiscal year 1986 Authorization Act. The NCT Program supports the evaluation of NATO nation's munitions, weapons, subsystems, equipments, and technologies with a view toward meeting valid U.S. service requirements. Funds from a separate OSD program element are provided directly to the military services to support the test and evaluation of such NATO systems nominated by the services and approved by OSD. This program provides the services a vehicle to investigate opportunities to satisfy immediate or near-term requirements with off-shore, nondevelopmental, or, off-the-shelf items, thereby minimizing the U.S. costs of research and development. The NCT program is recognized as tangible evidence that the U.S. is serious about international armaments cooperation. The NCT Program directly supports Public Law 99-145 and stated U.S. policy as spelled out in the fiscal year 1986 Authorization bill and the June 6, 1985 SECDEF memo emphasizing NATO armaments cooperation. Furthermore, the NCT program supports the Packard Commission recommendation calling for increased use of nondevelopmental items (NDI) to reduce the development costs of major weapons systems. It is a relatively low cost, high leverage program which stimulates cost savings through increased competition. The NCT program is more properly associated as a companion piece to the Foreign Weapons Evaluation (FWE) Program established by Congress in fiscal year 1980.

During the fiscal year 1986-1988 period, NCT funding has totaled $106.8M. Thus far, 71 test and evaluation projects have been (or are in the process of being) funded. The NCT program has been functioning since April 1986, therefore, many evaluations originally selected are on-going or nearing completion. At present, four items evaluated through the NCT program are in the process of being procured with the potential for many more acquisitions.

The services are becoming less reluctant to consider evaluation of our allies equipment as they recognize the need to shift some resources from extended R&D efforts to procurement in a period of decreasing authorizations. Both the FWE and NCT programs provide the services incentive to consider foreign systems.

ARMS COOPERATION OPPORTUNITIES DOCUMENT

Senator BINGAMAN. The original legislation that established the NATO Cooperative R&D initiative requires the Defense Department to consider an arms cooperation opportunities document during its early review of all major new starts. This document is intended to ensure that the Department considers alternatives that may already be in development or production in another NATO country. Have these documents been prepared for each major new start? How effective have they been in leading the Defense Department to consider comparable systems developed in NATO? How many new starts have been denied in favor of other NATO systems?

Mr. KLOSKE. Cooperative Opportunities Documents are prepared for all major system new starts (Milestone 0). They are also prepared for each major system milestone review by the Defense Acquisition Board.

A consideration of cooperative opportunities by the Defense Acquisition Board is fundamental to the increased emphasis within the alliance on cooperative, research development and production programs. Moreover, new acquisition directives require the services to consider cooperative opportunities in preparation for the Defense Acquisition Board review.

Passage of the NATO Cooperative Research and Development legislation coincided with a decline in real resources for defense acquisition, including a considerable decline in resources for "new starts." The Defense Acquisition Board (DAB) has, however, given favorable consideration to those R&D "new starts" cooperatively developed with one or more U.S. allies. In this regard, 12 cooperative programs have been initiated, and an additional 32 R&D "new starts" approved by the DAB with the condition that development costs be shared with one or more U.S. allies.

PURPOSE OF CAPS

Senator BINGAMAN. Could you explain the purpose of CAPS and how it will work?

Mr. **Kloske**. CAPS was inspired by a recognition on the part of Secretary General Carrington and other NATO leaders that the existing procedures within the alliance, particularly at the Conference of National Armaments Directors (CNAD), were not designed to take account of the requirements generated by the major NATO Commanders and force planning community. CAPS is designed to forge a more effective link between the work of the requirements planners and the armaments developers at NATO.

This link is achieved through a detailed procedure recently agreed by the member nations, and now being implemented through a 2-year trial exercise, that involves the promulgation by the nations of armaments goals derived from already-agreed NATO (or national) force goals. These armaments goals form the basis of a national reply to a biennially-developed Armaments Planning Questionnaire (APQ) that in some ways resembles the Defense Planning Questionnaire (DPQ) prepared for the NATO force planning exercise. National replies to the APQ will be reviewed by the NATO International Staff, the NATO Conventional Armaments Review Committee (a new body that reports to the CNAD), and by other NATO institutions, and this process will result in the preparation of a Conventional Armaments Plan (CAP). The CAP, which will be approved biennially by National Armaments Directors (the USD(A) in the case of the U.S.) and by Defense and Foreign Ministers, will be designed to identify areas where two or more nations might have an opportunity to cooperate on a particular system where they have similar military requirements. It will also highlight cases where agreed NATO military needs are not being addressed by national action in the armaments sphere.

1989 DEFENSE BUDGET

Senator **Bingaman**. Do you believe that the Fiscal Year 1989 Defense Budget adequately reflects the right level of spending priorities in line with the competitive strategies concept?

Mr. **Kloske**. We currently are in the process of evaluating the conclusions of the first Competitive Strategies Task Force to see if there are resource decisions that we should make. Pending the results of that process, and to preserve the Department's options, the Secretary of Defense has asked each of the service Secretaries to ensure that the systems identified by the Task Force are highlighted in their POMs. Appropriate resource allocation decisions will be made later in conjunction with a detailed review of the Task Force's recommendations through the Military Net Assessment process.

COMPETITIVE STRATEGIES CONCEPT

Senator **Bingaman**. Could you tell me what items in the Defense budget support the competitive strategies concept?

Mr. **Kloske**. We have put together generic lists of systems by categories which support the competitive strategies concept. These lists generally fall in the following categories: Sensors and Data Links, Fusion Systems, Precision Guidance Systems, and Longer Range Delivery Systems. Specific examples by category include: Sensors and Data Links (the Joint Surveillance Target Attack Radar System and the Joint Tactical Information Distribution System), Fusion Systems (the Joint Tactical Fusion Center and the All Source Analysis System), Precision Guidance Systems (Sense and Destroy Armor Submunition), and Longer Range Systems (TACIT RAINBOW Anti-Radiation Missile and the Army Tactical Missile System).

DASSAULT INTERVIEW

Senator **Bingaman**. Haven't we seen other examples of European willingness and eagerness to enter our markets, but not let us into theirs? Do you believe that Mr. Dassault's comments reflect the attitude of most Europeans?

Mr. **Kloske**. Mr. Dassault's comments must be understood in the context they are given. He is chairman of one of Europe's major manufacturers of combat aircraft. One of his primary competitors in this market is the United States. To exclude such a formidable competitor would enhance his own advantage. This is an example of what I have described as the "industrial entitlements syndrome," the tendency to make defense investment decisions based on the need to maintain or develop a technological capability that preserves the competitiveness of the national defense industrial base. Mr. Dassault alludes to this when he remarks that U.S. involvement would signal the end of European industrial autonomy. This is an extreme position and not, I think, representative of most Europeans. Mr. Dassault's views are his own. He does not speak for all of Europe or NATO.

Senator **Bingaman**. Can you tell us the status of your review?

Mr. **Kloske**. DOD has completed its survey of the reciprocal defense procurement MOUs. The summary of our findings and conclusions together with recommendations and plans for implementation have been provided to The Special Advisor for Armaments to the Deputy Secretary of Defense. At this time we are awaiting the concurrence of the DEPSECDEF. Once approved by the DEPSECDEF, it is our intention to brief the study, findings, conclusions and recommendations to other departments, congressional staffs and the allies.

Senator **Bingaman**. What changes do you propose to seek in renegotiating these MOUs?

Mr. **Kloske**. It would be inappropriate to identify unapproved changes to the MOUs. However, embedded in all suggested changes is the fundamental notion of obtaining and maintaining reciprocity.

MOU

Senator **Bingaman**. Should the Commerce Department have a direct role in negotiating and implementing the defense trade MOUs to better ensure our economic interests are appropriately taken into account?

Mr. **Kloske**. No, the Department of Defense should be the sole negotiator of these reciprocal MOUs. That is not to say that DOD is ignoring the economic interests of the United States. The DOD has increasingly engaged the Department of Commerce (DOC) in the implementation of the MOUs. The DOD and DOC have several ongoing joint initiatives to improve the reciprocity of these MOUs, these are:

Through the cooperation of our allies and the Commercial Counselors at our embassies we are now obtaining advance information about upcoming defense requirements and are publishing them in the Commerce Business Daily and other trade publications such as the Journal of Commerce.

In conjunction with the Commerce Department we are publishing a guide to U.S. firms on how to do business with the Defense Ministries of the MOU countries. The booklet will cover allied procurement practices, information on their procurement agencies, and points of contact, within the U.S. and allied governments, that can assist U.S. contractors.

DOD is working closely with U.S. industry through the major defense industry associations to identify cases of perceived discrimination against U.S. industry participation. DOD is inviting the participation of the DOC in our bilateral meetings with the MOU countries to discuss implementation issues and problems.

DEFENSE TRADE BALANCE WITH OUR ALLIES

Senator **Bingaman**. Could you tell us how the 4 percent and 28 percent figures were derived?

Mr. **Kloske**. The figures were derived from a comparison of defense trade data with the 1985 major equipment expenditures (as reported in the NATO Defense Planning Questionnaire) of the U.S. and of the NATO MOU countries. (In the latter figure, France and Spain were excluded due to nonavailability of data.) R&D expenditures were not included in the base, because our trade data does not cover R&D expenditures, i.e. including R&D would have "mixed apples and oranges."

Specifically, in 1985 U.S. defense imports from the NATO MOU countries ($2.8 billion) represented 4 percent of our total major equipment budget ($66.4 billion), while U.S. defense exports to the NATO MOU countries ($4.4 billion) represented 28 percent of those countries' major defense equipment budgets ($15.5 billion).

Senator **Bingaman**. Could you tell us how these numbers have changed over the past 8 years?

Mr. **Kloske**. We have only collected defense trade data since 1982, and have only done these comparisons for 1982 through 1985. The results are:

NATO MOU Countries' Defense Imports From the United States as a Percentage of Equipment Expenditures

	Percent
1982	21
1983	26
1985	30
1986	28

U.S. Defense Imports from NATO MOU Countries as a Percentage of Equipment Expenditures

	Percent
1982	4
1983	4
1984	4
1985	4

OFFSETS AND COUNTERTRADE

Senator **Bingaman**. Do you have any thoughts on how we can get a multi-lateral negotiation underway in this area?

Mr. **Kloske**. We must pave the way for a possible negotiation by first building a consensus on a framework for considering offsets. We must also address the numerous U.S. policy interests that are related to offsets and that sometimes compete with one another, such as our international arms cooperation objectives and mobilization base policies.

We must have no illusions about the difficulties in arranging a multilateral approach to offsets. The sheer number of countries that demand offsets (some of which are also our arms export competitors) requires that we have a well-defined strategy before we move ahead with actual negotiations. You may be aware that we consulted with several of our allies in negotiations on offsets in 1984. At that time, USTR and other interested agencies (including DOD) held meetings in London, Paris, and Bonn. We received a rather lukewarm response, as none of the foreign governments consulted had even begun to address the implications of military offsets or engaged in an information gathering effort on offsets. Finally, any effort along these lines must recognize that there would be limits on what could be achieved given the diversity of economic and political systems that exist among those countries demanding offsets in defense trade.

Senator **Bingaman**. Would NATO or the OECD be the appropriate forum?

Mr. **Kloske**. It is premature at this point to indicate a forum for offset negotiations, if any, that would be appropriate. It would depend on several factors, such as which countries would be participating.

Senator **Bingaman**. On March 29, Under Secretary Costello suggested that the Commerce Department should take the lead in such a multi-lateral negotiation. Do you agree?

Mr. **Kloske**. I believe you may have misconstrued Dr. Costello's comments. Clearly, DOD should be the lead agency on any offset negotiations affecting military exports, since this aspect of the offset phenomenon is so closely related to national defense objectives. To the extent that offsets in defense trade affect nondefense sectors of the economy, Commerce and other agencies should be involved in these negotiations. The Commerce Department (or the USTR) should take the lead where offsets occur in strictly nondefense trade.

EUROPEAN AND JAPANESE DEFENSE PROTECTIONISM

Senator **Bingaman**. How do you propose to deal with the protectionist industrial base and defense trade policies of our NATO and Japanese allies which you termed the "industrial entitlement syndrome?"

We carry the overwhelming share of the defense research and development burden within the alliance. Our allies want access to our technology but want to retain the manufacturing jobs in their own countries. We are in effect becoming their R&D subsidiary. How do we ensure that a fair share of the defense manufacturing jobs are available to American workers?

Mr. **Kloske**. The answer to these and similar questions is both complex and simple. The objective must be to have a sound, fully functioning defense cooperative program with our allies. If the program is working properly, questions concerning burdensharing and protectionism become moot. One of the most significant measures we have taken to achieve a viable defense cooperation program is the establishment of the Nunn-Roth-Warner amendment. It has already achieved significant successes, but we must work to keep the momentum going and expand the scope of the amendment to ensure that more ambitious programs can be included in the coming years. It will require patience and a persistent, methodical approach on the part of defense officials on both sides of the Atlantic to ensure that the programs selected satisfy military and technological requirements for all participants, while guarding against protectionist measures that can unravel that which has already been done.

JAPANESE FSX PROJECT

Senator **Bingaman**. [Deleted.]
Mr. **Kloske**. [Deleted.]
Senator **Bingaman**. [Deleted.]
Mr. **Kloske**. [Deleted.]
Senator **Bingaman**. [Deleted.]
Mr. **Kloske**. We are.

Questions Submitted by Senator Alan J. Dixon

DEFENSE EXPENDITURES OF NATO COUNTRIES

Senator **Dixon**. A December 1987 report released by NATO, "Defense Expenditures of NATO Countries," shows that the European members of NATO decreased their defense spending in relation to the United States and Canada between 1980 and 1986. Based on 1980 inflation rates, the European share declined from 43 percent to 28 percent during this period. I find these statistics quite disturbing. Do you see any evidence that these trends are changing for the future? In 1977 the NATO members agreed to increase their defense spending by 3 percent after inflation. Which of our allies has met that target? Which has not? What can we do to encourage our allies to assume more of their fair share for the defense of Europe?

Dr. **Duncan**. Estimates for 1987 and 1988 show that the trend may change. The defense budgets of many of our allies are expected to show a modest growth while the real U.S. defense expenditures are expected to decline. Statistics regarding the 3 percent defense growth target are available for the 7 years from 1981 through 1987. The target was met in 5 of the 7 years by Canada, Luxembourg, and Spain; in 4 of the 7 years by Norway, Italy, and Turkey; in 3 of the 7 years by Greece; in 2 of the 7 years by The Netherlands, the United Kingdom, and Portugal; and in 1 of the 7 years by France, Germany, and Belgium. However, it must be recognized that these statistics do not take into consideration the baseline level of effort against which this 3-percent goal is measured. Some countries meeting this 3-percent goal are still below the NATO median, while others not meeting this goal exceed the NATO median. Details of the various measures of Allied defense efforts are contained in the Department of Defense Report to Congress on Allied Contributions to the Common Defense, dated March 1988 in its classified version and April 1988 for the unclassified edition. Equitable sharing for European defense is an issue of concern for DOD and improvements are being sought through pursuit of specific defense-strengthening initiatives.

NATO CONVENTIONAL ARMAMENTS PLANNING SYSTEM

Senator **Dixon**. At the December 11 meeting of NATO foreign ministers, a Conventional Armaments Planning System (CAPS) was agreed upon. Could you explain the purpose of CAPS and how it will work?

Dr. **Duncan**. We regularly consult with the allies through various NATO and bilateral fora. The NATO Conference of National Armaments Directors is the principal forum for addressing alliance acquisition matters. Presently, U.S. and Allied armament plans are reported annually in the NATO Armaments Planning Review (NAPR) process, which identifies planned weapon system acquisitions of all NATO member nations.

NATO is currently conducting a 2-year trial of a more sophisticated system to coordinate acquisition efforts: the NATO Conventional Armaments Planning System (CAPS). Intended to relate armaments acquisition efforts more closely to the requirements and priorities of the major NATO Commanders, CAPS is expected to provide a much improved framework for identifying and facilitating opportunities for cooperation in the research, development, production and logistics support of defense equipment. When ultimately established, it will be reasonably comprehensive and will address all types of conventional weapon systems.

COOPERATION WITH ALLIES

Senator **Dixon**. Dr. Duncan, I support the aims of the Balanced Technology Initiative to enhance our conventional defense capabilities. You have addressed a number of program areas and specific projects that the Department is pursuing. Have these projects been briefed to our allies? Have any of our allies indicated a willingness to participate in joint-ventures on these projects? Which projects do you believe have the greatest potential for cooperative efforts, with joint funding, with our allies?

Dr. DUNCAN. Some discussions of BTI program activities with out allies have occurred. The allies are showing increased interest in the program. We are currently exploring ways to promote more cooperative technology development work without allies in the program. One joint project was included in the BTI program plan developed in fiscal year 1987. Another BTI project, Combat Vehicle Command and Control, is providing a firm basis for developing a joint effort with the Federal Republic of Germany pertaining to the interoperability of the M1A1 and Leopard II main battle tanks. I expect that additional cooperative efforts will be established as the BTI program continues to develop.

THE 5-YEAR BUDGET

Senator DIXON. What are the projected 5-Year Defense Plan (FYDP) costs of the Balanced Technology Initiative programs?

Dr. DUNCAN. The 5-year BTI program funding profiles presented in the report to Congress in May 1987 were as follows:

Fiscal year:	*Millions*
1987	$182
1988	288
1989	393
1990	379
1991	292

All of these figures were considered to be tentative pending continuing reviews of program progress. For fiscal year 1988, $200 million is being used for BTI program work. For fiscal year 1989, the revised budget submission included a figure of $238 million. Figures for subsequent years within the 5-Year Defense Plan are currently being developed.

Senator DIXON. What are timeframes that you are planning to have these programs ready for operational use in the field? Could you just provide a few examples?

Dr. DUNCAN. BTI is a technology development and demonstration program that brings concepts to the stage of readiness for full-scale development, which is subsequently accomplished under service support. Some BTI projects, such as Cruise Missile Advanced Guidance and Millimeter Wave Seeker Demonstration, were initiated with the expectation of initiating service-supported full-scale development within 2-3 years. Full-scale development usually requires a minimum of 4 years. Thus, the total timeframe for fielded capability from these projects will be 6–7 years.

EUROPEAN SHARE FOR DEFENSE

Senator DIXON. Mr. Kloske, background data provided states that based on 1980 inflation rates the European share declined from 43 percent to 28 percent during this period.

Note that actual figures are 43 to 36 percent. The table showing the 28 percent (actually 28.6 percent) figure is not in constant dollars and includes currency fluctuations.

Do you see any evidence that these trends are changing for the future?

Mr. KLOSKE. Real growth in U.S. defense spending significantly exceeded the average growth rate of non-U.S. NATO defense spending during the 1981–1986 period. Estimated figures for 1987 and 1988 show, however, that the pattern of relative U.S. and Allied defense spending increases in the early 1980s is now reversed. U.S. real defense expenditures are expected to decline, while many of our allies show defense budgets that are growing at least modestly.

DEFENSE SPENDING BY NATO MEMBERS

Senator DIXON. In 1977 the NATO members agreed to increase their defense spending by 3 percent after inflation. Which of our allies have met that target? Which have not?

Mr. KLOSKE. Seven of the NATO allies—Canada, France, Germany, Greece, Luxembourg, The Netherlands, and Spain—had increases in the region of 3 percent or more in 1981, while Norway came close, with a 2.7 percent increase. Seven nations reported such increases in 1982: Canada, Italy, Luxembourg, Norway, Spain, Turkey, and the United Kingdom. Three nations were in the 3 percent range in 1983—Canada, Luxembourg, and Norway. Six nations—Canada, Greece, Italy, The Netherlands, Spain, and the United Kingdom—achieved this objective in 1984. Data for 1985 show Italy, Norway, Spain, and Turkey with increases of 3 percent or more.

In 1986 five nations—Belgium, Canada, Luxembourg, Portugal, and Turkey achieved increases in the region of 3 percent. Estimates for 1987 show six or seven countries with real increases in the region of 3 percent. This group includes Greece, Italy, Luxembourg, Norway, Spain, and Turkey. Portugal also makes the list when the high range estimate is used. Note that NATO interprets in the region of 3 percent as an increase of 2.8 percent or more.

FAIR SHARE OF DEFENSE OF EUROPE

Senator DIXON. What can we do to encourage our allies to assume more of their fair share for the defense of Europe?

Mr. KLOSKE. The Secretary of Defense has expressly stated his intention to follow up on this issue and to press at every opportunity for progress in improving allied defense capabilities and in sharing equitably the roles, risks, and responsibilities of the alliance. To assist in this effort, he has created a special task force to develop and coordinate specific initiatives to be undertaken in conjunction with our allies, with the specific intent of equitably strengthening our collective defense. The counsel of prominent individuals outside government with extensive experience in cooperative endeavors with our allies is also being taken to assist in the effort.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

ANTIARMOR

Senator THURMOND. Dr. Duncan, would you assess for us the recent disclosures on Soviet antiarmor capability, and whether we are behind, on parity, or ahead in fielded systems?

Dr. DUNCAN. In terms of antiarmor capability, the Soviets are definitely ahead of the U.S. (and hence NATO). Blue armor is presently overmatched by red kinetic energy penetrators. Even the M1A1—with its composite armor—may be overmatched by the Soviets' fielding of their newest generation kinetic energy penetrators. From time to time, the U.S. has tried to catch up only to find that developments on the other side have further advanced the threat just as we improved our own capabilities. The problem is that the U.S. has not been able to establish a modernization rate to match or better that of the threat. We are vigorously pursuing technology development efforts to overcome our antiarmor deficiencies, both through the joint DARPA/Army/Marine Corps program and in the Balanced Technology Initiative.

STATUS OF FUEL-AIR EXPLOSIVES

Senator THURMOND. Dr. Duncan, where is the U.S. today in the development of fuel-air explosives?

Dr. DUNCAN. Fuel-air explosives (FAE) are underutilized in the U.S. today due to important safety considerations associated with present fuels and uncertainties in the available blast effects data base. The only FAE system currently under development is called CATFAE (Catapult Launched Fuel-Air Explosive), which provides the Marines with the capability to neutralize enemy mines in the surf zone as well as in inland areas. Accelerated development of CATFAE is being supported by BTI in the project titled "Amphibious Assault Countermine System." The CATFAE program is intended to achieve fleet IOC in FY 1991.

FAE weapons are considered to have considerable potential against a broad spectrum of personnel and materiel targets. However, the fire and explosion hazard of current FAE fuels is a barrier to their acceptance by some elements of the military. The Navy, for example, requires FAE to be stowed in hypergolic storage lockers. This safety concern can be reduced or eliminated by employing solid, gelled, or nonvolatile liquid fuels that can be detonated in aerosol form. Building on recent advances in detonation physics, the BTI effort titled "Enhanced Blast Munitions" is developing the technology base required for the design and development of safe, insensitive munitions with significant increases in lethality. Also, to assure an accurate assessment of the performance of blast weapons and to assess our vulnerability to fielded Soviet systems, a comprehensive blast effects data base will be completed.

MISSILE THREAT TO THE FLEET

Senator THURMOND. Dr. Duncan, you describe three phases of maritime strategy and the application of BTI. What threat do "low observable" missiles hold for the fleet, and what are the BTI programs involved in countering this threat?

Dr. **Duncan.** The threat posed to the fleet by such missiles could be very great. Several BTI projects being executed by the Navy specifically address the antiship missile threat, including projects titled "Target Acquisition for Ship Defense" and "High Energy Laser for Ship Defense." The High Power Microwaves (HPM) work could also lead to direct application in this area. In addition, numerous other projects included in the program that address methods of detecting and defeating enemy platforms from which such missiles could be launched should help to improve fleet survivability against this threat.

[Whereupon, at 3:50 p.m., the committee recessed subject to the call of the Chair.]

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